

C O N T E N T S.

- (1) Report of the General Sub-Committee of the Retrenchment Advisory Committee September 1931 Part I. (Pages 1 - 60)
- (2) December 1931 Part II for the above. (Pages 1 -190.)
- (3) June 1932 Part III for above (P. 1 - 263)
- (3) Final Report of the Army Sub-Committee of the Central Retrenchment Advisory Committee 1932 (Pages 1 - 72)
- (4) Interim Report of the Army Sub-Committee of the Central Retrenchment Advisory Committee 1931. (Pages 1 - 148)

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REPORT

(INTERIM)

OF THE

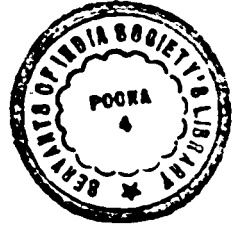
GENERAL PURPOSES SUB-COMMITTEE

OF THE

RETRENCHMENT ADVISORY COMMITTEE

SEPTEMBER 1931

PART I.



SIMLA
GOVERNMENT OF INDIA PRESS
1931

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REPORT
(INTERIM)
OF THE
GENERAL PURPOSES SUB-COMMITTEE
OF THE
RETRENCHMENT ADVISORY COMMITTEE
SEPTEMBER, 1931
PART I.



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CONFIDENTIAL.

Interim Report of the General Purposes Sub-Committee.

CHAPTER I.

General observations on retrenchment.

(1) *Introduction.*—As requested by the Chairman of the Retrenchment Advisory Committee, we, the General Purposes Sub-Committee, beg to present our interim report.

The General Purposes Sub-Committee was charged with—

- (i) the review of all central expenditure except that on the Army, the Posts and Telegraphs Department, the Railways, Civil Works, Audit and Accounts, Stationery and Printing and the Indian Stores Department. (Other Sub-Committees were set up for the purpose of reviewing the public expenditure on these excepted items).
- (ii) Consideration of, and co-ordination of the proposals made by the other Sub-Committees relating to, the pay and allowances of Government servants.

Constitution.—The Sub-Committee was constituted as below :—

- (1) Sir ABDUR RAHIM, K.C.S.I., Kt., M.L.A. (Chairman).
 - (2) The Hon'ble Rai Bahadur Lala RAM SARAN DAS, C.I.E., Member.
 - (3) Mr. RANGASWAMY AYANGAR, "
 - (4) Mr. S. C. MITRA, M.L.A. "
 - (5) Mian Muhammad SHAH NAWAZ, C.I.E., M.L.A., "
 - (6) Mr. K. C. ROY, C.I.E., M.L.A., "
 - (7) Rai Sahib HAR BILAS SARDA, M.L.A., "
 - (8) Mr. RAMSAY SCOTT, M.L.A., "
 - (9) Khan Bahadur HAFIZ WILAYAT ULLAH, I.S.O., M.L.A. "
 - (10) Mr. J. C. NIXON, I.C.S. (representing the Finance Department) "
- Mr. S. P. SHAH, I.C.S. (upto 7th June 1931 Mr. W. R. Tennant,
I.C.S.) Secretary.

Reference.—

“To make recommendations to the Committee* for effecting forthwith or by stages all possible reductions in the public expenditure of the Government of India under review of the Sub-Committee, having regard especially to the present and prospective position of the revenue. In so far as questions of policy are concerned, these will be left for the exclusive consideration of the Government, but it will be open to the Sub-Committee to review the expenditure and to indicate the economies which can be effected, if particular policies are either adopted, abandoned or modified.”

(2) *Procedure and sittings.*—We sat from 30th June to 24th July 1931 to consider the general lines on which we would conduct our investigation and to prepare the questionnaires with a view to elicit information and suggestions from the various departments of Government. We issued 73 questionnaires

* i.e., to the Retrenchment Advisory Committee.

concerning 63 grants and estimates and suspended our sittings on 25th July to enable the departments concerned to submit their replies. We resumed our sittings on 6th August and examined 32 representatives of the Secretariat and heads of departments with respect to the following 29 grants and estimates :—

Taxes on Income, Stamps, Forest, Executive Council, Bureau of Public Information, Intelligence Bureau, Central Board of Revenue, Police, Survey of India, Meteorology/ Geological Survey, Botanical Survey, Zoological Survey, Archæology, Mines, Other Scientific Departments, Education, Medical Services, Public Health, Agriculture, Imperial Council of Agricultural Research Department, Veterinary Services, Indian School of Mines, Aviation, Emigration (External), Imperial Library, Explosives, Indian War Memorial, and Broadcasting.

In many cases the same officials appeared before us. We were desired to submit an interim report. Hence, we suspended the remaining portion of our programme, and applied ourselves to a detailed study of these subjects and to formulate our conclusions for the interim report.

(For the attendance of members the statement on page 10 may be seen.)

(3) *Invitation to the public.*—On 14th July we issued a notice to the general public inviting the public (including service associations) to forward their written memoranda and suggestions on the question of effecting possible economies in public expenditure in those activities of Government which fell within the cognisance of our Sub-Committee to enable us to decide whether we should examine any witnesses who might be named by them. We have considered such memoranda as have been received by us, but only one non-official, Mr. Gaya Prasad Singh, M.L.A., has appeared and given us the benefit of his advice relating to the Indian School of Mines, Dhanbad.

(4) *Portion of budget reviewed.*—This interim report covers grants amounting to Rs. 3,21,97,000 of which Rs. 48,20,000 is non-voted and Rs. 2,73,77,000 is voted. The grants and estimates charged to revenue,* with reference to which we have not yet been able to examine the representatives of the departments and otherwise to conclude our enquiries, amount to Rs. 36,14,03,000, of which Rs. 21,87,28,000 is non-voted and Rs. 14,26,75,000 voted.

(5) *Sources of information.*—The main sources of information to which we had recourse in pursuing our investigations were : (i) the Report of the Inchaape Committee, (ii) Detailed Estimates for Grants for 1931-32, (iii) Mr. Jukes' Review of the Civil Expenditure of the Government of India in the six years ending 1929-30, (iv) Lists of officers and establishments, (v) Written replies of the departments to our questionnaires, and (vi) the evidence of the official witnesses who appeared before us. In addition, memoranda from the departments on the question of a 10 per cent. reduction were also supplied to us, but we must mention that these documents have been of little help. The departmental replies to the questionnaires and the evidence of the officials with a few exceptions all tended, perhaps naturally, to uphold the view-point taken in the memoranda relating to the 10 per cent. cut. We have proceeded on the basis of a financial situation which the Hon'ble the Finance Member at

* (NOTE.—Expenditure charged to capital and disbursements of loans and advances have been left out of account in the above-quoted figures.)

the meeting of the Retrenchment Advisory Committee on the 25th of May described as a "national emergency," a view which he repeated to us since on more than one occasion at the meetings of our Sub-Committee.

(6) *Principles on which economies should be effected.*

Equality of sacrifice.

On the 7th of July 1931, after mature consideration, the Sub-Committee adopted the following resolution which was communicated to the press :—

"(1) A great deal of misapprehension and feeling of uneasiness appear to have arisen in the public mind as well as among the staff both of the higher and the lower grades as to the methods which we intend to follow. We want first of all to assure the public and those more immediately concerned that in pursuing our enquiries we have the following general principles and mode of action in view :—

(1) We shall deal as fairly and equitably as it lies in our power between different classes of employees of Government from top to bottom and save, as far as we can, without undue hardship to any class or individual.

(2) As for the procedure, we propose to pursue simultaneously two ways of approach in order to find out how far we can reach the maximum amount of economy without injuring the best interests of the country and having in regard the consideration mentioned above. The two methods are :—

(a) a percentage cut in all salaries, concessions and allowances, perhaps upon a graduated scale ; and

(b) by cutting off what are really superfluous activities or suspending activities, which are possible of suspension, for a term of years without much loss and by reduction of the officers, staff and establishment and other heads of expenditure, in so far as these objects can be effected without jeopardising the efficiency of Government.

In connection with 2 (a); i.e., a percentage cut, the co-operation of all the services, superior and subordinate, will become necessary, and we should like to express a hope that such co-operation will not be wanting. We believe, public opinion generally will approve this method.

As for 2 (b), this enquiry will not only be helpful in securing economies for the present financial needs, but is of great importance in reorganising and readjusting those activities of Government, which fall within our cognisance, on a level which will afford the best chance of their being of benefit to the public without imposing an unnecessary burden on the resources of the country.

Investigations of the last category will obviously require considerable time and careful thought and deliberation.

Compensations.

Further, we shall have to consider in this connection the question of reasonable compensations to be given to those who will be affected by our proposals and that will necessarily reduce the savings.

Economic basis of pay of future entrants.

Lastly, we shall take up the question of pay of future entrants to the public service with a view to place it on an economic basis.

(II) The General Purposes Sub-Committee is of opinion that pending its report it is undesirable—

- (1) that apart from any question of policy or clear administrative necessity any vacancies should be filled or extensions granted except on a provisional basis;
- (2) that any fresh commitments or contracts should be incurred of any sort, except where absolutely imperative; or
- (3) that any member of the staff or establishment be discharged by way of retrenchment."

(7) *Percentage cut.*—Of the total budget under our purview Rs. 7,83,31,000 is absorbed in the pay (including "overseas pay"; "special pay"; "personal pay" and leave salaries but not pensions) of "officers" and "establishments". Though we have carefully refrained from recommending any large reduction of the personnel, except in some isolated cases where it is fully justified by special circumstances, and our proposals generally will mainly affect men on the verge of retirement, a substantial scheme of economy like ours necessarily entails considerable hardship to a large number of public servants. We have throughout our deliberations attached the greatest importance to the principle of equality of sacrifice and to the methods by which retrenchment is to be carried out. The Sub-Committee in order to ensure equality of sacrifices no less than for the paramount purpose of balancing the budget would like its recommendations for an all-round percentage cut in pay to be treated as an important and integral part of its report. It has been suggested to us that resort to such a measure should not be had unless and until it is found that sufficient economies cannot be secured by the contraction of certain non-essential activities and by the reduction of staff in such cases and in the others where there has been an overgrowth: We have been unable to accept this view and hold that both the processes should be applied simultaneously. In the first place, it would not be possible without having recourse to both the expedients to balance the budget, even if we were to cut out altogether a number of existing activities of the Government. The latter possibility, however, this Committee is not at all prepared to contemplate. Mr. Nixon, our official colleague, is of opinion that several of the scientific departments, which he apparently regards as being more or less non-essential, should be suspended for a term of years or closed down altogether because of the financial necessities. Such a view, in the first place, either necessarily minimises the intimate connection between much of the scientific work directed or encouraged by the Government of India and the economic development of the country or pre-supposes that the two aspects are capable of being separated. Further, taking a broad view of the manifold needs of India both in the present and in the near future it is possible only in rare cases to discriminate between the various activities of the Government of India for the purpose of classifying them into essential and non-essential. Again, we do not believe—indeed we have not been so advised—that India's financial position, grave as it is, is such that Government must denude itself of all its legitimate functions other than the maintenance of law and order. The day such a crisis is reached, justification for the existence of a civilised Government in India for any purpose whatever should have largely

disappeared. We have, therefore, acted upon the view that while it is but right that in a time of extreme financial stress such as the present, the undertakings and commitments of Government should be curtailed as much as possible according to the special circumstances of each case and new commitments ruled out altogether, it is obvious to us that all departments of Government should equally be called upon to make sacrifices at this juncture, just as in the case of the official personnel not merely the men whose services have to be dispensed with through no fault of their own but those who will remain on, must bear their fair share of the burden.

(8) *Constitutional aspect.*—It has been said that the pay including 'overseas pay' of both European and Indian officers of the All-India and a few other services is protected by the Government of India Act against an emergency percentage cut and that no effect can be given to any recommendations in this connection, unless the Secretary of State for India agrees to get the Act suitably amended by the British Parliament. The Sub-Committee desired to be placed in possession of the opinion of the Law Officers on the point which, we were told, had been obtained; but it was not produced on the ground that "the Government of India were precluded from showing the opinion of the Law Officers of the Crown to the Committee," though we note that the opinion of the Law Officers on a similar question was supplied to the Lee Commission. In any case the Sub-Committee must recommend that the Secretary of State be asked to take the necessary action in the matter. The Committee is in fact surprised that a percentage cut in salaries and allowances, being so obvious, equitable and inexpensive a method to adopt in such an emergency, the Government of India should not, like the governments of other countries such as Japan, Italy and Australia have had recourse to this expedient, *suo motu*. A moderate cut in the salaries for, say, two or three years would cause the least amount of suffering and at the same time avoid any risk to the efficient functioning of government that might be involved in an excessive contraction of its activities and man-power.

(9) *Treatment of Scientific activities.*—We should here mention that hitherto we have been able to examine mostly the activities of the departments of Education, Health and Lands and Industries and Labour. In dealing with the scientific activities of the Government of India we have carefully scrutinised each case with an anxious desire not to cripple them, and it is only to the extent that we were satisfied that some of the aspects of this class of work—to which we attach great value—could at this stage be safely curtailed or slowed down or the staff reduced to smaller proportions without any loss whatever to the country, that we have made recommendations to that effect as in the case of the Geological Survey and the Survey of India. Further, with regard to some sections of the work of several scientific departments of the Government of India, the Sub-Committee have formed the opinion that they could now be better developed by the universities and at a less cost and we have therefore recommended that the Indian universities, like other universities, should be encouraged in all suitable cases to undertake such work. With regard to medical and public health, which are transferred provincial subjects, we have recommended reduction of the establishments of the Government of India to what is necessary to enable the Central Government to carry out such functions as still appertain to them.

(10) *Treatment of educational and scientific institutions.*—With respect to grants-in-aid to educational and scientific institutions the position is that Government having once made a grant, whether recurring or non-recurring, do not exercise control and supervision over the way it is spent with the result that institutions like the Aligarh, Benares and Delhi Universities, the Indian Institute of Science, Bangalore, the Indian Association for the Cultivation of Science, Calcutta, the Bose Research and the Bhandarkar Oriental Research Institutes have made programmes of their own on the assumption that the grants would be continued as promised. It is not open to us to say, any more than it is to Government themselves, whether or how far these institutions could curtail, slow down or suspend such programmes. The only feasible course left to the Sub-Committee in these circumstances was to recommend that Government should, if they consider it expedient, negotiate with these bodies and try to persuade them, if possible, to contribute their quota towards meeting the national exigencies.

(11) *Civil Aviation and Broadcasting.*—In the Department of Industries and Labour we have been confronted with a new and costly programme of Civil Aviation, with its concomitant effects in considerably expanded meteorological and wireless services and another new scheme, viz., Broadcasting, though much less costly. Neither of these ventures, whatever their other merits, is likely to be self-supporting within the next five years or so, and we have, therefore, recommended that they should be held in abeyance for the present, but, in the case of the State Air Service, upon certain specific conditions.

(12) *International Conventions.*—The Committee would here observe that modern developments in Europe are constantly dragging India into activities, which, while clearly beyond her limited and inelastic resources, do not hold out a reasonable prospect to the country of adequate corresponding benefits. The Committee is further obliged to note that India having been given the status of an original member of the League of Nations its direct and indirect effects have so far served to saddle her with extremely onerous obligations which seem to be daily on the increase. Having regard to the fact that the country has reached the limits of her financial capacity, the Sub-Committee recommends that the Government of India should rigorously curtail their expenditure in these respects and set their face resolutely against any such further commitments, at least for some time.

(13) *Proposal regarding a "cut" in pay.*—We have not yet held any enquiry into the question of fixation of pay for future recruits to the public services, but have examined the scales of pay of "officers" and of "establishments" in the Government of India. We have no hesitation in recording our opinion that they are pitched high enough to bear substantial percentage cuts without causing any serious inconvenience to the staff. (We may mention that we have made full allowance for the recently increased taxes on income and import tariffs on certain articles of luxury such as wine, tobacco, etc.) In the case of men on the lower grades of pay, the unprecedented fall in the prices of food-stuffs should, to some extent, palliate the hardship of a percentage cut. Further, with the exception of Mr. Nixon, we have no hesitation in recommending that in a financial crisis of this magnitude the costly

concessions' known as the Lee Concessions (excepting those in the form of increased salaries which, pending consideration of the general question relating to pay and allowances, would be subjected, as proposed by us, to percentage cuts) should be withdrawn.

(14) *Principles upon which retrenchment of the staff is to be carried out.*—As for the way in which retrenchment of the personnel should be carried out, our proposals would show that either certain individual posts held by officers have to be abolished or certain proportions of the "officers" and the "establishments" have to be cut out. In the latter event we recommend that the following order should be observed, as far as possible, in retrenching the staff :—

- (a) men who have earned their full pensions or have nearly completed their term of service,
- (b) men who are employed for a fixed temporary period in connection with work of a temporary character,
- (c) men with less than 25 years' service including those who, though borne on the temporary list, are virtually regarded as part of the permanent staff or as probationers.

In selecting men under each of the above categories the departments will no doubt first of all get rid of men who have proved to be hopelessly inefficient.

The Sub-Committee further recommends that, wherever practicable, due regard should be had by Government to its policy relating to the Indianisation of the services and the redress of communal inequalities.

(15) *Compensations.*—In the case of retrenched posts held by the members of the All-India and other civil services employed in the Government of India, the officers would automatically revert to their cadres and no question of compensation ordinarily arises. A similar arrangement is possible with respect to many of the military officers employed on the civil side. As for the other cases, those falling in category (a) of the preceding paragraph present little difficulty; they should be retired on full pension. For categories (b) and (c) the existing rules, which were meant to meet a few isolated cases, are not sufficiently liberal to meet the present situation involving large-scale reduction of staff. A consequence of our recommendation is that a considerable number of government servants will be thrown out of employment, and, in the ordinary course, would receive an ordinary pension or gratuity under the rules. We consider that in present circumstances this will result in an intolerable situation, and we would therefore recommend that an improvement in the terms of dispensing with the services of lower paid staff should be effected on the following lines: that all staff retrenched and drawing at the time of retrenchment not more than Rs. 200 should receive a pension of 50 per cent. of their pay, while those drawing between Rs. 200 and Rs. 500 should draw a pension of at least 33-1/3 per cent. of their pay. For those in receipt of over Rs. 500 the ordinary rules would operate together with such compensation in the form of a gratuity which Government may find the financial circumstances permit.

Mr. Nixon sees considerable difficulties in this, firstly, in the extra expenditure involved which will neutralise the estimated savings and, secondly, in its consequences on practically the complete stoppage of recruitment of youths coming out of schools and colleges.

(16) *'Allowances', 'Contingencies', 'Supplies and Services' etc.*—Besides the pay of officers and establishments the budgetary demands within the cognisance of our Sub-Committee account for Rs. 1,44,27,000 under the head 'Allowances and Honoraria', and Rs. 2,30,67,000 under 'Contingencies' and 'Supplies and Services'. 'Other charges' and 'Miscellaneous', even when they form genuine expenditure, account for a substantial percentage of the total budget. With respect to these items we must observe that not only do the 'Detailed Estimates for Grants' give no particulars, but we have not yet been able to get sufficient details otherwise, to enable us to form a definite and satisfactory estimate of the economies possible under these heads. We have, therefore, been obliged to base most of our recommendations with respect to such items of expenditure more or less on a general appreciation of what reductions are possible in view of contracted activities or reduced staff. In some cases allowances and honoraria amount as much as to 7·16 lakhs (Survey of India), and 1·43 lakhs (Geological Survey) and Contingencies and 'Supplies and Services' to 7·05 lakhs (Taxes on Income) and 4·98 lakhs (Mint). A mere look at these figures suggests that this form of budgeting is not fair to the Legislature or the general public. The main particulars should be available in a handy form, if not in the Detailed Estimates, at least in a separate pamphlet.

(17) *Lack of adequate information.*—At an informal meeting of our Sub-Committee as far back as the 25th of May 1931, a form like that of appendix (B) of the Inchcape Committee's Report was handed over to the Finance Department with a request that the Sub-Committee might be supplied with up-to-date information under the different heads "number of permanent and temporary staff", "pay proper", "special pay or duty allowances", "compensatory or local allowances", "house rent", "travelling allowances", "total of pay and allowances". We also specially asked for figures showing the cost to Government of what are known as the Lee Concessions. But they have not yet been supplied to us. In connection with the Lee Concessions in particular there is a volume of Indian opinion which regards them as an unfair burden on Government revenues. We have recommended the withdrawal of the Lee concessions, as mentioned in para. 13, but, in the absence of the necessary information we are unable to calculate the total savings. The amount however would be considerable. We further understand that since the Lee Commission's Report considerable additions have been made to the list of concessionaires.

(18) *Suggestions for increasing the revenue.*—As one of the main objects of this enquiry is to enable the Government of India to balance their budget, the Hon'ble the Finance Member agreed that it was open to this Sub-Committee to make suitable proposals for increasing the revenue within the limits of such activities as fell within their purview. We have made certain recommendations accordingly in this connection. We shall mention here only two striking cases. The mineral wealth of the country, which it is the special function of the Geological Survey to help in developing, is at present being leased out to prospectors on unduly favourable terms and we have, therefore, recommended that the entire mineral policy of Government should be revised at a favourable opportunity with a view to enhance the revenues derived from this source.

There is another source of revenue which has been neglected by the Government of India. Pensions and leave and deputation salaries and allowance payable outside India have been exempted by special notifications from taxes payable under the Indian Income-tax Act. For such exemption we can find no justification whatever. We have recommended that the exemption be withdrawn and taxes on these incomes and salaries be deducted at the source according to law. We estimate that a sum of about 50 lakhs will then be added to the revenues of the Central Government.

(19) *Delhi-Simla move.*—The Committee considers that in the cause of economy something should be done to mitigate the waste involved in the costly city of New Delhi remaining virtually untenanted for a greater part of the year, and to save as much as possible of the large amount of money and loss of time involved in the two annual moves of Government of India offices between Delhi and Simla. Departments should, in the view of the Committee, be left in Delhi all the year round, and Government should be taking the necessary steps towards this end. For the present, as many of the departments (and particularly the attached offices of the Government of India) should remain in Delhi as Delhi will accommodate. The Committee is given to understand that inadequacy in the supply of fresh water has been advanced against such a step, but it believes that this position could be, at any rate partially, met by enforcing reasonable restrictions on its use during the cold season. In the meantime and until Delhi is fitter to accommodate all the Government of India for the whole year, as many other departments as possible should be left in Simla all the year round.

(20) *Rent for Government buildings occupied by officers.*—Fundamental Rule 45-A.-II reads as follows :—

“ For the purposes of the assessment of rent, the capital cost of a residence owned by Government shall include the cost or value of sanitary, water supply and electric installations and fittings, but exclude the cost or value of the site (including expenditure on its preparation) ; and shall be either —

- (a) the cost of acquiring or constructing the residence and any capital expenditure incurred after acquisition or construction ; or, when this is not known,
- (b) the present value of the residence.”

The above rule shows that the value of the site is excluded for the purposes of assessment of rent of Government residential buildings. The value of the site and the grounds attached to the bungalows of officers, which are invariably located in the best localities in a town, is always very high. The effect of the rule is that Government loses a certain amount of revenue as the assessment of rent on such buildings is made merely on the capital cost of the buildings. We recommend that all residential buildings should be assessed on the capital cost of the building *plus* the cost of the site and the grounds, and the officers occupying them should be charged rent on that basis.

(21) *Savings.*—On the basis of our proposals the immediate reduction of expenditure with effect from the 1932-33 budget will be 121·21 lakhs. (See statement on page 70.) In this connection we ought to add that our calculation of the reduction of expenditure or of savings on account of pay does not take into consideration the proportion of probable savings on account of the

retrenched staff. The reduction of expenditure and the savings worked out by us are therefore slightly on the higher side. But in view of the fact that "probable savings" are not always shown in the detailed estimates and, even where shown, are not always accurate, we had no alternative but to leave this factor out of our calculation. The margin of difference which this will make in our estimate of reduction of expenditure and of savings will not, however, be wide enough to affect the value of our calculations materially.

(22) *Frame-work of each chapter.*—We have had to consider the question whether we should give the more important details of the processes leading up to our conclusions or should give only a broad outline and the probable total reduction or saving of expenditure in each grant. The Sub-Committee (with the exception of Mr. Nixon) has throughout held that in fairness to the departments as well as the general public important details should be set forth in the report to enable them to see how the Sub-Committee arrived at its conclusions and its estimate of savings. Hence, under each chapter we have tried to explain the grant and to describe the functions, organisation, growth of staff and expenditure and to explain the important details, on which our proposals are based. Wherever necessary, other information has also been given.

(23) *Saving clause.*—In submitting this interim report the Sub-Committee reserves to itself the liberty to make such modifications as may be found necessary after a study of the subjects that have not been dealt with so far.

(24) *The late Mr. K. C. Roy.*—We have only to add that after the whole of this interim report was adopted by us and, with the exception of this chapter, was sent to the Press, our esteemed colleague Mr. K. C. Roy suddenly passed away before he could sign the report. He was in complete agreement with the majority view on every point.

(25) *Appreciation of Secretary's work.*—The Sub-Committee also wishes to record its high appreciation of the ability, knowledge and unsparing industry with which our Secretary, Mr. S. P. Shah, I.C.S., discharged his onerous duties throughout the proceedings.

Statement showing the attendance of members at the meetings.

Names.	30th June to 25th July.	6th August to 4th September.	10th September.	11th September.	16th September.	Remarks.
Days of sitting ..	21	23	1	1	1	
Sir Abdur Rahim* ..	21	22	..	..	1	*Could not attend the morning sittings on 27th, 28th and 21st August and September 2.
The Hon'ble Lala Ram Sarandas.	18	11	..	..	1	
Mr. Rangaswamy Ayan-geri†	10	..	..	..	..	† Was a member of the Frontier Regulations Committee and began to attend our Committee from 13th July 1931.
Mr. S. C. Mitra ..	21	20	1	1	1	
Mian Mohammad Shah Nawaz. ‡	7	3	1	1	1	‡ Died on 7th September 1931.
Mr. K. C. Roy§ ..	19	23	..	..	..
Mr. Harbilas Sarda ..	16	19	1	1	1	
Mr. Ramsay Scott ..	21	20	..	..	1	
K. B. Hafiz Wilayat-ullah.	13	19	..	..	..
Mr. J. C. Nixon ..	21	23	1	1	1	

CHAPTER II.

GRANT NO. 17.—TAXES ON INCOME.

1. *History.*—Prior to the Reforms income-tax was a “divided” head, the cost of collection and the revenue being shared by the Central Government and the Provinces. Except in the Presidency towns and a few other large towns, where special whole-time income-tax staffs were employed, the assessment and collection of income-tax were in charge of the district revenue staffs. Centralisation began before the introduction of the Reforms and was gradually carried out. With the exception of a small portion of Burma and the hill-districts of the United Provinces the administration is now entirely central.

2. *Organisation.*—Five of the nine major provinces have a whole-time Commissioner of Income-tax for the province. In the United Provinces the Commissioner works also as Opium Agent and in Burma as Commissioner of Salt Revenue. In Assam the Director of Land Records is, *ex-officio*, Commissioner of Income-tax for Assam and the Local Government are paid Rs. 5,000 as the Government of India’s share of this officer’s pay and allowances. The Commissioner of Income-tax, Punjab, works also as Commissioner for Delhi and for the North-West Frontier Province. In the other minor administrations income-tax work is done by the Chief Commissioner (in Ajmer-Merwara by the Commissioner), generally speaking, through the agency of one or more income-tax officers.

The Commissioner has under him a certain number of Assistant Commissioners, Income-tax Officers, Assistant Income-tax Officers, Examiners of Accounts, Inspectors and ministerial and menial staff. (*Vide* Statement A.)

3. *Growth of expenditure.*—The expenditure on the Income-tax Department and the revenue from taxes on income have grown as below (the figures are in thousands of rupees) :—

—	1913-14.*	1922-23. (estimate).	1924-25.	1931-32. (estimate).
(a) Expenditure	4,69	47,01	60,38	77,26
(b) Revenues (after deducting refunds)	2,90,52	22,33,11	16,01,48	17,44,54†
(c) Percentage of expenditure to revenue	1·7	2·1	3·8	4·4

* The 1913-14 figures have been borrowed from the Inchcape Committee’s Report and include the share of the provinces in the expenditure and the receipts.

† With effect from 1st April 1931 the rates were enhanced considerably.

4. *Proposals.*—(i) As regards retrenchment, we recognize that of all the revenue-earning departments the Income-tax Department is perhaps the least amenable to a reduction of personnel. In the absence of detailed material all we can do is to enunciate a few broad principles and in the light of such relevant material, as we have been able to collect, to propose certain minor but specific economies.

(ii) We think that *prima facie* two Commissioners' charges can be abolished. We observe that, judged by various criteria, the Central Provinces and Bihar and Orissa are the least important and appear to us to offer scope for such action. (*Vide* Statement A.) In the course of the oral evidence the Central Board of Revenue told us that the amalgamation of the Assam Commissioner's charge with that of the Commissioner of Income-tax, Bengal, was already under its consideration. If such amalgamation is found to be productive of economy, it should be brought about. But, since Bengal is a heavy charge and the cost of the present arrangement is only Rs. 5,000 per annum, we advise that the proposal should be considered carefully.

(iii) Further, we observe that expenditure is growing apace. From 47·01 lakhs in 1922-23 it grew into 60·38 in 1924-25, 70·35 in 1929-30 and now stands at 75·87 lakhs. The ratio of expenditure to revenue has more than doubled since 1922-23 and is rising.

As a measure of financial necessity we propose that the income-tax personnel be reduced by (a) 7½% in the case of all officers of gazetted rank and (b) 10% in the case of others. We intend this proposal to apply to all the provinces and the minor administrations.

(iv) We have scrutinised the staffs for the provinces of Bombay and Bengal; to us they appear to be excessive. We recommend that the strength of the income-tax staffs in these provinces be particularly scrutinised and, if feasible, reduced more than proportionately to the general reduction we have proposed above. (Statement A may be seen in this connection.)

(v) We observe that in certain provinces there are some posts on scales of pay outside the regular scales. Thus, in Bombay there is one post of Income-tax Officer on Rs. 1,500—100—2,000 (the standard Bombay scales being Rs. 300—50—600—50/2—700 and Rs. 750—50—900). The incumbent of this post is getting a pay of Rs. 2,000. In Bengal there are two posts of Assistant Commissioner on Rs. 1,500—100—2,000 as against the standard scale of Rs. 1,000—100—1,500. In our opinion these and similar posts should be abolished forthwith.

(vi) We were assured by the Hon'ble the Finance Member that we were not precluded from making proposals (relating to the subjects under our purview) for action whereby revenues could be increased. We observe that leave and deputation salaries and pensions paid to Government servants abroad are exempt from the Indian income-tax. For the sake of uniformity the scope of such exemption has had to be extended in recent years with the result that vacation salaries to judges and leave salaries and allowances paid abroad to the employees of private firms and individuals are also exempted. In the absence of arrangements for relief from the payment of double income-tax there may have been some justification for such exemptions; in our opinion there is no such justification now. We recommend that salaries, allowances, pensions and similar payments, from Indian revenues or from the funds of commercial bodies and individuals in India, should, even when these are paid abroad, be made subject to the Indian income-tax which should be deducted at the source. There may be technical difficulties, but these must be overcome. If necessary, India may be declared by law to be the locus of payment. Mr. Nixon prefers at this stage not to commit himself on this matter.

(vii) We further agree that Government should explore the possibility of levying the Indian income-tax on the interest of their securities, even if

such interest is paid out of India. On this matter also Mr. Nixon prefers to reserve his opinion.

(viii) In our opinion the existing convention between India and the United Kingdom for the grant of relief from double income-tax does not secure to Indian revenues the full benefit which they would get if the convention were, in practice, really reciprocal. The disadvantage to Indian revenues results from the fact that as against the scores of companies which are controlled from the United Kingdom but operate mainly in India there are few concerns controlled in India and operating in the United Kingdom. We recommend that action should be taken as early as possible to ensure that the Double Income-Tax Relief Convention with the United Kingdom does not operate, in practice, to the disadvantage of India.

(ix) We are unable to work out the total additional revenue which would accrue if effect were given to our proposals in sub-paragraphs (vi), (vii) and (viii). But in paragraph 18 of Chapter I we have estimated that additional revenue of about 50 lakhs can be secured if effect is given to our proposal in paragraph 4 (vi) of this Chapter.

5. *Summary of savings.*—On our proposals relating to retrenchment we estimate that there should be a reduction of expenditure of 7 lakhs including the reduction of expenditure on allowances and contingencies. We recommend that the 1932-33 budget be reduced by this amount.

Statement A.

Serial No.	Administrative Units.	Number of assesses.	Net collection of income-tax and super-tax (in lakhs).	Number of Assistant Commissioners.	Number of I. T. Os. <i>plus</i> Assistant I. T. Os. (if any).	Number of Examiners of Accounts and Inspectors (including non-gazetted I. T. Os.	Number of ministerial establishments other than examiners.	Percentage of expenditure to net revenue.	
								1924-25.	1929-30.
1		2	3	4	5	6	7	8	9
1	Madras	42,036	1,43	4	52	37	273	7.6	4.8
2	Bombay	73,307	3,74	7	47+1	133	466	3.4	4.6
3	Bengal	47,989	6,02	7	35+24	50	401	..	1.4
4	United Provinces ..	25,773	90	3	41+7	..	184	7.07	5.8
5	(i) Punjab	25,918	64	3	37+11	44	204	8.3	9.3
	(ii) N. W. F. P. ..	3,102	10						
	(iii) Delhi	7,409	23						
6	Burma	27,791	1,81	5	43+8	43	167	3.4	4.87
7	Bihar and Orissa ..	14,591	51	2	17+3	11	92	6.1	5.7
8	C. P. and Berar ..	14,047	40	2	16	20	80	7.2	9.9
9	Assam	5,407	32	1	6	4	38	12.2	5.98
10	Baluchistan	485	2	..	1	..	4	..	..
11	Ajmer-Merwara ..	569	3	..	..	1	7	..	..
12	Coorg	151	24	..	..	..	1	..	..
13	Mount Abu	26	.05	..	..	..	..	..	..
14	C. & M. Station Bangalore.	724	3	..	..	..	6	..	..

CHAPTER III.

GRANT No. 20—STAMPS.

1. *Explanation of the grant.*—This demand does not take note of the expenditure on the administration of stamps in the minor administrations.

Besides the Central Stamp Store maintained by the Security Press at Nasik a reserve stamp depôt is being maintained at Calcutta in charge of a Storekeeper at a total cost of Rs. 9,000. Against this expenditure an amount of Rs. 17,000 is being recovered from the Posts and Telegraphs Department. Hence, the net expenditure is *minus* Rs. 8,000.

The provision of Rs. 5,000 (under "Superintendence") for loss on commercial undertakings represents the expenditure on account of the leave salary of the officers and staff of the Central Stamp Store at Nasik.

2. *Proposals.*—(a) As regards the Reserve Stamp Depôt at Calcutta, we agree that it should be maintained. We have no recommendation to make for the reduction of expenditure on this depôt.

(b) Pending receipt of a further communication which has been promised by the Finance Department, we are not in a position to make any recommendation regarding the Security Printing Press at Nasik. We shall deal with this in the second part of our report. *Prima facie* however, we are of opinion that the gross expenditure of this and of all other commercial undertakings should be submitted to the Legislature in the usual way.

CHAPTER IV.

GRANT NO. 21—FOREST.

1. *Organisation.*—The expenditure of 11·3 lakhs under this grant is incurred on the maintenance of (i) an Inspector-General of Forests (pay Rs. 3,250) and his office at a total cost of Rs. 63,400, (ii) two training colleges, one for Officers and the other for Rangers, and (iii) the Forest Research Institute. The expenditure on the Institute has been calculated to amount to nearly 9½ lakhs. The rest amounting to about 1·45 lakhs is the expenditure on the two colleges. In fact, the Institute is also utilised for training and it is not easy to apportion precisely the expenditure between the colleges and the Institute.

2. *The Research Institute.*—The Research Institute is located at Dehra Dun in buildings which have cost nearly a crore of rupees. It is organised in various sections in charge of specialists. The Forest Economist's section has in all 18 officers and a permanent establishment of 31. The Botanist's section has 5 officers and an establishment of 15. The Entomological section is manned by 4 officers and an establishment of 26. Sylvicultural work is in charge of 3 full-time officers and one extra officer for four months; the establishment in this section is 15. The sections have temporary establishments of varying strengths.

3. *Growth of expenditure.*—Up to the time when the Inchcape Committee reported, the Research Institute used also to train recruits for the provincial forest services in India. The expenditure on the Institute including its training side has grown as below :—

1913-14.	1921-22.	1922-23.	1924-25.	1929-30.	1931-32.
2,98,000	6,43,100	8,66,100	8,26,366	9,54,917	10,67,000

4. *Proposals.*—(i) As regards retrenchment we are unanimously agreed that the post of Inspector-General and his office should be abolished, saving Rs. 63,400. Such special advice as the Government of India require in future might be obtained from the Chief Conservator of Forests, N. W. F. Province.

(ii) We further observe that the Officers' College has only two men under training. We have reason to believe that several men with the necessary training to work as officers are at present awaiting employment. Recruitment to the Indian Forest Service has stopped. Under the new Constitution the superior forest service will no doubt be provincialised. Our opinion thus is that there is little scope at present for the absorption of men trained in the Officers' college in the superior forest service. Accordingly, we recommend that this college be abolished, provided that :—

(a) suitable arrangements are made for the completion of the training of the men already enrolled (we suggest that they might be given scholarships and sent abroad), and

(b) if the need arises again in future, the College will be reopened, or other facilities for the training up of Indians for the superior

forest services provided, *e.g.*, by the grant of foreign scholarships for study abroad. We were assured by the Inspector-General in the course of his oral evidence that, if necessary, the college could be reopened at short notice, provided the Research Institute was not abolished.

(iii) As regards the Rangers' College we observe that Madras and Burma Governments have their own arrangements for the training of subordinate officers. But, these will not, in our opinion, meet the needs of the whole of India. A centre for the training of men for the subordinate forest services for the northern provinces should be maintained. Our proposal therefore is that this college should be kept alive. But, since such training cannot be called a function of the Central Government, we recommend that Government should examine the financial position of the Rangers' College and take steps to secure that it does not prove to be an undue burden on the central revenues. We think that the provinces interested in its maintenance should be required to make contributions.

(iv) The Sub-Committee recommends that the Research Institute should be maintained. (For Mr. Nixon's view on this point *vide* sub-paragraph vi.) Not only the provinces but also the Central Government possess valuable forest properties, *e.g.*, in the Andamans and the North-West Frontier Province. Coorg also has good forests. Large sums have been invested for the exploitation of these properties. In the interests of revenue (2½ crores net) and of the general welfare of the countryside we consider it important that the forests should be scientifically dealt with. To this end we consider it essential that the Central Research Institute should be maintained.

(v) We, however, consider that the Institute has been conceived on ambitious lines. We are not in a position to evolve a detailed scheme for the administration of the Institute in the future. But in view of the financial necessity of Government, we think the expenditure on the Institute (excluding the Rangers' College) should be brought down from the present figure of about 9½ to 4 lakhs. We have asked the Department of Education, Health and Lands to put up a scheme costing about 4 lakhs for our consideration in connection with the second part of our report.

(vi) Mr. Nixon has some doubt on the points in sub-paragraphs (iv) and (v). At present he is inclined to the view that in the present financial circumstances the entire Institute should be closed down.

(vii) We further suggest that, in case it is decided to locate the proposed Indian Military College at Dehra Dun, the advisability of utilising the buildings of the Institute for the purposes of that College might be considered. The Institute might then be shifted to any other convenient buildings.

5. *Summary of savings.*—On our proposals the 1932-33 budget will be reduced by (a) Rs. 63,400 on the Inspector-General and his office, (b) Rs. 5,25,000 on the Institute, and (c) Rs. 72,600 (approximate) on the Officers' College=6.61 lakhs.

CHAPTER V.

GRANT NO. 28.—EXECUTIVE COUNCIL.

1. *Explanation of the grant.*—The total provision is Rs. 5,79,000. Apart from the provision of pay for six members at Rs. 6,666-10-8 p. m., the only items of expenditure are :—

- (i) travelling and other allowances—Rs. 6,200,
- (ii) tour expenses (Rs. 56,100) and expenditure on account of special saloons (interest, maintenance etc.) (Rs. 34,900)—Rs. 91,000,
- (iii) passage contributions of the three I. C. S. Councillors—Rs. 1,800.

2. *Proposals.*—(i) In our opinion it is unnecessary to have four specifically reserved saloons for the six members. It should be possible to utilise the Railway Department saloons for the members' tours. When travelling on duty the Councillors should have a prior claim on the saloons maintained by the railway concerned. We therefore recommend that arrangements on these lines be made as early as possible. We think, the Railway Department ought, in due course, to be able to absorb the saloons back into their general stock of saloons.

(ii) Government should consider whether it is essential to continue the concession of the Fundamental Rules in the matter of house-rent to the Hon'ble Members of the Council and why they should not pay full economic rent for their houses.

CHAPTER VI.

GRANT NO. 32-B.—BUREAU OF PUBLIC INFORMATION.

1. *Functions.*—The main functions of this Bureau are to compile the annual publication on the moral and material progress of India (this is a statutory duty of the Government of India), to make and supply to departments cuttings from newspapers and thus keep them in touch with public opinion in India and abroad, to keep opinion abroad in touch with developments in India, issue explanations, supply digests of important reports, resolutions and notifications and generally to do publicity on behalf of Government with the object of keeping the public informed of the policy of Government and to correct misapprehensions or misrepresentations in regard to it.

2. *Organisation.*—The Bureau is in charge of a Director (pay Rs. 2,000—2,250). He is assisted by a Deputy (pay Rs. 1,200—1,500). The ministerial establishment of 15 costs Rs. 32,900 and the menial establishment of 12 Rs. 2,800. There is also a provision of Rs. 1,100 for temporary establishment. Other charges cost Rs. 60,500; details are given in *a, b, c, d* and *g* of para. 4 (iii).

3. *Growth of expenditure.*—The 1931-32 grant is Rs. 1,38,700. The budget provisions for 1922-23, when the Bureau was still on a temporary basis, was Rs. 1,02,300. Actual expenditure in 1924-25 was Rs. 1,33,061 and in 1929-30, when the "peak" was reached, it was Rs. 1,56,311. The Home Department have offered a reduction of Rs. 27,300.

4. *Proposals.*—(i) As regards the functions of the Bureau we wish to record our opinion that "publicity" work is often liable to be interpreted as "propaganda", and is not so useful as regular communiqués issued by the responsible departments concerned; in some cases it is positively harmful. The policy in this respect should therefore be reconsidered by the Home Department. Mr. Nixon prefers not to express an opinion on the Sub-Committee's views in this sub-paragraph.

We further recommend that every endeavour should be made to bring out the annual publication on the moral and material progress of India as soon as possible after the close of the year which it reviews.

(ii) Sir Abdur Rahim, Mr. Nixon, and Mr. Mitra are in favour of abolishing the Bureau; in their opinion the work can be done without maintaining a permanent establishment. The other members are in favour of maintaining it. Sir Abdur Rahim and Khan Bahadur Wilayatullah are further of the opinion that "if the Bureau is to be maintained, more than one officer should not be necessary, provided of course the officer selected has sufficient literary equipment for producing the annual publication (called "India") on the moral and material progress of the country in a readable and interesting form." All other members are for retaining two officers' posts.

(iii) The Sub-Committee unanimously recommends that the Bureau should in no case cost more than one lakh. With the exception of Mr. Nixon, who doubts the advisability of the Sub-Committee entering into specific details, all members agree that the following provisions

should be deleted or reduced, as shown below, in the 1932-33 budget:—

	Savings.
	Rs.
(a) Miscellaneous should be reduced from Rs. 18,200 to Rs. 10,000	8,200
(b) Publicity should be reduced from Rs. 19,000 to Rs. 9,000	10,000
(c) Travelling allowances should be reduced from Rs. 12,300 to Rs. 7,200	5,000
(d) Special cable service should be reduced from Rs. 9,000 to Rs. 3,000	6,000
(e) The provision for temporary establishment should be cut out <i>in toto</i> ; this will yield a saving of	1,100
(f) The establishments (excluding the post of the photographer which the Home Department have offered to abolish) should be reduced by 10 per cent. This will lead to a saving of	3,230
(g) The photographer's post should be abolished and the provision of Rs 2,000 for the purchase of photo materials should be deleted. This will yield a saving of	6,200

NOTE.—Our proposals incorporate all the economies offered by the Home Department.

(iv) *Summary of Savings.*—The total reduction of expenditure with effect from the 1931-32 budget will be Rs. 39,730 = nearly 28½ per cent. of the 1931-32 budget. The 1932-33 budget should be reduced accordingly.

CHAPTER VII.

GRANT No. 32-C.—INTELLIGENCE BUREAU.

(1) *Functions.*—This Bureau is maintained for the purpose of securing an effective interchange and co-ordination of intelligence, particularly in regard to communism and terrorism, between intelligence organisations in India *inter se*, and between these and intelligence systems abroad. Its function necessarily keeps it in close relation with the Foreign and Political and the Army departments. A minor function is the examination of questioned documents.

(2) *Organisation.*—The Bureau is directed by a Director (pay Rs. 3,000 plus £13/6/8 overseas pay). He has a Deputy (pay Rs. 1,750—100—2,150 plus £13/6/8 O. P. plus Rs. 100 special pay) and a Personal Assistant (on the senior time-scale of the Indian Police Service plus Rs. 300, subject to a maximum of Rs. 1,100). These three posts are reserved for the Indian Police Service. There is also an Assistant Director (on Rs. 950—80—1,350 plus overseas pay), four other officers (on the pay they would draw in their provinces plus a special pay of 100 p. m.) and an Assistant Superintendent of Police (on the time-scale for the I. P. S. plus Rs. 150 special pay). The Bureau proper thus has nine officers. In addition there are two officers for the examination of questioned documents. The establishment of 98 consists of a Chief Superintendent, other Superintendents, clerks, etc., 4 Sub-Inspectors of Police, a photographer, 50 servants and a temporary establishment costing Rs. 3,100 per annum.

(3) *Growth of expenditure.*—The 1931-32 grant for this Bureau is Rs. 7,11,400. Actual expenditure in 1913-14 was Rs. 3,67,000. Since 1924-25 expenditure (both total and on certain items) has grown as below :—

—	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31 estimate.	1931-32 estimate.
Officers ..	1,48,298	1,63,533	1,45,966	1,67,869	1,87,224	2,13,025	1,63,000	1,50,200
Establish- ments.	90,490	1,07,001	1,12,415	1,29,286	1,36,552	1,60,714	1,84,400	1,63,600
Total expen- diture.	5,57,491	5,69,587	5,31,374	5,74,268	6,30,940	11,68,497	11,15,400	7,11,400

(4) *Proposals.*—(i) Omitting the provisions for fees for counsel for the Meerut conspiracy case and for secret service contingencies from the 1931-32 grant, Rs. 4.22 lakhs is the provision for the Bureau. This Sub-Committee is not in possession of the necessary data relating to the activities of the Bureau and therefore is not in a position to undertake a detailed examination of its budget. But it sees no reason why, when other departments are called upon to undergo heavy reductions, this Bureau should not bear its share of the retrenchment necessitated by Government's financial situation. Apart from the scales of pay and special pay on which this Sub-Committee will make its proposals separately, it recommends that a reduction of 10 per cent. in the grant of 4.22 lakhs for the Bureau proper should be made. This reduction should be in addition to the reduction of Rs. 5,200 on account of the fact that the super-numerary Superintendent of Police (for 4½ months) for whom that provision was made has now retired. In round figures, the 1932-33 estimates should be brought down to Rs. 3,75,000 plus the provisions for counsel's fees and secret service contingencies.

(ii) We further recommend that a serious reduction should be made in the provision (2.60 lakhs) for secret service contingencies also.

CHAPTER VIII.

GRANT No. 41.—CENTRAL BOARD OF REVENUE.

1. *History*.—The Board of Inland Revenue (only one Member) used to deal only with income-tax, the administration of which had been overhauled by the Income-tax Act of 1922. The Inchcape Committee recommended that it should also deal with customs, salt, opium and, in so far as they concerned the Central Government under the reformed constitution, stamps and excise. This recommendation eventually led to the establishment of the Central Board of Revenue.

2. *Organisation*.—It consists of two members drawn, as a rule, one from the Income-tax and the other from the Customs departments. The Members as well as the Secretary all belong to the I. C. S. None of the three posts is, however, reserved for the I. C. S. The establishment consists of one senior Superintendent (called Personal Assistant), two other Superintendents, 36 first and second division clerks, four stenographers and 29 servants. The temporary establishment of one Assistant and two clerks is practically permanent.

3. *Functions*.—The Board is, broadly speaking, only a co-ordinating and rule-making authority. In Income-tax, Opium and Salt matters it has no powers of appeal or revision. In Customs cases it has certain appellate powers, and as Finance Department (Central Revenues) it has some powers of revision. Apart from the supervision of the administration of the Opium Department, the Board's concern with opium and drugs is, broadly speaking, confined to the implementing of the international conventions relating to opium and narcotics. Other excise work is nominal. As regards stamps it makes rules for the supply of stamps from Nasik and issues exemptions and interprets the stamp law in its capacity as a branch of the Finance Department. The day-to-day administration of excise, stamps and opium in the minor administrations is a duty of the local authorities and not of the Central Board of Revenue.

4. *Growth of expenditure*.—Expenditure and staff have grown as below :—

(i) Expenditure (in thousands of rupees) :—

	1924-25.	1926-27.	1931-32.
	Rs.	Rs.	Rs.
Pay of officers	116	139	150
Pay of establishments	59	81	95
Allowances, etc.	3	40	42
Contingencies	21	20	18
Grants-in-aid, etc. .. .. .	..	..	1
Total	241	280	307

(ii) Staff :—

	Officers.	Assistants.	Clerks.	Servants.
1924-25	5	8	10	17
1931-32	6	17*	19*	29

*plus some temporary staff.

5. *Proposals*.—In the cause of retrenchment the Board has offered to cut out, as an experiment, its Secretary of the present status and one of the four stenographers and has offered some other minor economies.

The Central Board of Revenue is a comparatively recent institution and its

office is not large. All the same we think a considerable reduction of expenditure is feasible. Our proposals are :—

- (i) In the light of the material supplied to us including the oral evidence given by the Board we consider that there is no need to have two highly paid officers as Members. Its work is to a great extent purely administrative ; its semi-judicial work is but slight. It is true that it functions not merely as an attached office but also as the Central Revenues Branch of the Finance Department. But, our view is that with suitable decentralisation the work which it *must* get is not more than one Member can cope with. We recommend that when the present senior Member retires, the Board should consist of one Member and not two. This Member might possibly be called Chief Commissioner of Central Revenues. Our colleague, Mr. Nixon, is not yet satisfied that a single member is a sound or a practicable arrangement.
- (ii) The Board is trying the experiment of carrying on its secretarial work with a senior Superintendent. In our opinion this is not a sound arrangement. In connection with our proposal that the Board should consist of only one Member we think that the Secretary should be an officer of seniority and experience and drawn from one of the major departments (*i.e.*, Customs and Income-tax) under the Board's control, and as far as possible the selection should be so made that if the Member is drawn from the Income-tax Department, the Secretary is drawn from the Customs Department and *vice versa*.
- (iii) The ministerial establishment should be reduced by one-sixth. The employment of additional temporary staff in connection with the budget session of the Legislature should, in our opinion, enable the Board to carry on its work with the staff reduced as proposed by us.
- (iv) In any case we consider that four stenographers are excessive and we propose that their number should be reduced to two.
- (v) We observe that one Superintendent's post is a recent creation. Early opportunity should be taken to abolish this post.
- (vi) We consider the provision of Rs. 15,000 for contingencies excessive. This provision should be reduced by Rs. 2,500 if the Board continues in future to move with the Government of India and by Rs. 7,500 if it does not.—In para. (6) we shall assume the former.

6. *Summary of Savings*.—On our proposals the savings (leaving out of account those resulting from the application of our general proposals) will approximately be :—

- (i) Rs. 42,600—Member and his passage contribution, (ii) Rs. 8,160—Superintendent, (iii) Rs. 1,400—leave salary, (iv) Rs. 6,600—two Stenographers, (v) Rs. 14,000—reduction of other establishment by one-sixth, (vi) Rs. 6,000—travelling allowance, and (vii) Rs. 2,500 contingencies=Rs. 81,760.

We recommend that the budget estimates for 1932-33 should be framed on the lines indicated in our scheme for retrenchment.

CHAPTER IX.

GRANT No. 45.—POLICE.

1. *Explanation of the grant.*—This grant of 1·99 lakhs does not deal with the cost of police administration in the central areas but only with the following items (estimated provision for 1931-32 is shown in brackets) :—

- (i) Baroda Cantonment Police (Rs. 8,500) ;
- (ii) Passport work done at Bombay (Rs. 7,000) ;
- (iii) Passport work done at Aden (Rs. 3,000) ;
- (iv) Lump sums paid (for the guarding of Central Government buildings, premises, etc.) to the following provincial governments :—
 - (a) Bombay (Treasury, Mint, Currency Office, Income-tax Office, Wireless Station at Karachi, Hedjaz pilgrim traffic arrangements) (Rs. 60,000).
 - (b) Bengal (non-commercial offices, Reserve Stamp Depôt, Hedjaz pilgrim traffic, share of civil offices located in the military secretariat buildings) (Rs. 93,000).
 - (c) United Provinces (Ghazipur Opium Factory, Currency Office at Cawnpore, Survey of India offices at Dehra Dun, escorting of cash from Almora to Muktesar) (Rs. 16,000).
 - (d) Punjab (Residence of Agent to the Governor General, archæological camp at Taxila, protection of Lahore Fort) (Rs. 8,000).
 - (e) Bihar-Orissa (Treasury guard at Pusa) (Rs. 2,000).
 - (v) Other expenditure (Rs. 1,500).

2. *Proposals.*—A perusal of the list (mentioned in paragraph 1) of the offices and buildings and central activities which are in receipt of special police protection shows that, in some cases, at any rate, the special police protection could be dispensed with or at least reduced. In other cases such protection could be afforded more economically by replacing the provincial police guards by ordinary guards recruited from, e.g., army pensioners, who could, wherever necessary, be specially empowered under the Police Act. In our opinion a saving of at least Rs. 30,000 should be possible in this grant and endeavour should be made to bring it about.

CHAPTER X.

GRANT No. 48.—SURVEY OF INDIA.

1. *Explanation of the grant.*—The budget for this department for 1931-32 is as below :—

	Ra. lakhs.
Control and administration	1·61
Headquarters offices	11·61
Mathematical Instrument office	3·74
Survey parties	38·46
Works	19
English Stores	3·95
<i>Deduct</i> —“ Probable Savings ”	—20
	59·36
Recoveries from other departments, Governments, etc.	—17·86
	41·50
	Receipts .. 5·76

An analysis of the various elements making up these sums is complicated. The Committee contents itself with stating that the main items under Headquarters offices are the Drawing and Photo-lithic offices at Calcutta and the Geodetic Branch office at Dehra Dun. The field organisation consists of 14 parties and two Companies. The field units work in circles each with a local headquarter staff and drawing office.

2. *Organisation.*—The cadre of the department provides for the employment of 51 military officers as a military reserve, of which 14 posts are at present not so filled. The superior posts comprise a Surveyor-General on Rs. 3,250, seven Directors on Rs. 2,200—2,400 *plus* £13-6-8 and 33 Superintendents and Assistant Superintendents on rates of pay rising to Rs. 1,750 *plus* sterling overseas pay. The department is organised so as to supply fully equipped survey units in case of war. A certain amount of scientific work is done in the department apart from its main programme of surveying, map drawing and reproduction.

3. *Question of a military reserve.*—It is not within the powers of this Sub-Committee to investigate the manner of providing in civil employment for reserves of military officers. The Sub-Committee therefore proceeds to consider the survey needs and possibilities of India irrespective of that feature, and presumes that it will be accepted that a civil department should not be maintained merely in order to accommodate a specified number of military officers.

4. *Proposals.*—(i) In the view of the Sub-Committee it will be essential to maintain the following—

(a) Map Record and Issue office, at present costing Rs. 1·06 lakhs.

(b) No. 1 Drawing office in some form or other, at present costing Rs. 2·10 lakhs.

(c) Photo-lithic office, Calcutta, reduced from its present cost of Rs. 2·94 lakhs to Rs. 1·94 lakhs.

- (d) Mathematical Instrument office, at present costing Rs. 3.74 lakhs (exclusive of the expenditure on stores, etc., in England.) The Indian budget should be reduced to Rs. 3.50 lakhs at the most and the maximum provision for English stores for this office put at Rs. 2 lakhs.
- (e) Tidal party at a cost of Rs. 20,000.
- (f) Latitude detachment at Dehra Dun costing Rs. 34,000.

An endeavour should be made to make the price of maps (including those issued to Government officers and departments) cover the cost of (a) and the proportionate cost of (b) and (c). Item (d) may be taken as self-supporting. Item (e) is essential. Item (f) is of sufficient scientific importance to be retained.

(ii) It may be taken that the whole surface of India has at one time or other been mapped, and that present operations are of the nature of revising and improving the survey. These modern methods date from 1905 and five-ninths of the total area of India (including presumably the most important areas) have already been so dealt with. So far therefore as field work is concerned, only such parties as are engaged on work, not less than 2/5ths of the cost of which are recoverable, should be continued. These for the present would seem to be :—

	Rs lakhs.
No. 20 Party Cantonments .. .. .	.. 0.75
No. 23 Party Navigation .. .. .	.. 3.46
No. 10 Party Burma and possibly No. 11 Party, if revived ..	.. 4.99
No. 21 Party Forests, Burma .. .. .	.. 2.46

No. 18 Party and E & A Companies should be retained only if the Army Department is prepared to bear the full cost of its interest in the work, and only if its share comes to not less than 2/5ths of the whole cost which is 4.74 lakhs.

(iii) Circle headquarters, if such a restricted programme is accepted, should hardly be necessary at all, and, at any rate, except perhaps for Burma, all drawing work should be done at Calcutta. The geographical map work done at Calcutta should be limited by this fact and by the budget provision, subject perhaps to additions for any fully recoverable work.

(iv) The additional control and administrative staff should not be permitted to cost more than Rs. 60,000 and the remaining English stores should be met by a provision of Rs. 30,000.

(v) The Surveyor-General complained before the Sub-Committee that for persons engaged on outdoor survey work the present age of superannuation resulted in a lot of waste expenditure in his department. The Sub-Committee recommends that Government should consider whether any special rule should be made to meet this situation.

5. *Summary* :—In the total, the Sub-Committee's approximate estimate is that the gross cost of the Survey of India should not, for the present, exceed about Rs. 30½ lakhs and the net cost Rs. 14 lakhs. The proceeds of the sale of maps, etc. (Rs. 5½ lakhs budgeted for 1931-32) would still further reduce the net cost. We have asked the Department to work out their scheme on these lines for our consideration in connection with the second part of our report.

CHAPTER XI.

GRANT No. 49.—METEOROLOGY.

1. *Functions.*—This department was instituted in 1875 to combine and extend provincial meteorological activities. Its functions are (i) the issue of warnings of storms to ports, ships and coastal districts, and of heavy rainfall to the public, (ii) issue of weather reports and forecasts to the public and to aircraft, (iii) collection of meteorological data and climatological statistics, (iv) meteorological research with special reference to the tropics, (v) technical supervision of rainfall registration, (vi) a regular study of the sun and the determination of time and the issue of time-signals, and (vii) maintenance of seismological instruments at various centres.

2. *Air Navigation Convention.*—Prior to the advent of aviation there was a central office at Poona, five principal sub-offices at Calcutta, Agra, Bombay, Kodaikanal and Madras and 26 pilot balloon and 270 weather observatories all over India and Burma and in some of the countries to the west of India. Under the International Convention of Air Navigation, Government overhauled and extended the arrangements for the provision of meteorological facilities for the main international air route between Cairo-Karachi-Delhi-Calcutta-Rangoon. Forecast centres were set up at Quetta, Peshawar, Karachi, Delhi and Rangoon, and the existing offices at Calcutta and Poona were extended. A very large share of the sudden and heavy increase in the total expenditure was caused by the exigencies of aviation.

3. *Organisation.*—(i) The Department is administered by a Director-General of Observatories with headquarters at Poona. Meteorological offices or observatories or both are also maintained at the following centres, viz. :—

- (a) *Agra.*—Upper air observatory.
- (b) *Bombay.*—Observatories at Colaba and Alibagh.
- (c) *Calcutta.*—Observatory at Alipore.
- (d) *Madras.*—Observatory and Office.
- (e) *Karachi.*—Office.
- (f) *Kodaikanal.*—Solar Physics Observatory.
- (g) *Delhi, Quetta and Peshawar.*—Offices.

There is also a large number of minor observing stations.

(ii) The sanctioned strength of officers is—

- (a) One Director-General (Rs. 1,750—100—2,250 plus O. P.).
- (b) 19 Meteorologists (Rs. 400—50—1,250).
- (c) 17 Assistant Meteorologists (Rs. 250—25—800).
- (d) Director of the Kodaikanal Observatory (Rs. 1,250—50—1,500+O.P.).

4. *Growth of expenditure.*—The department is estimated to cost Rs. 21,48,000 in 1931-32 in addition to overseas pay paid abroad. The

following figures illustrate the growth of staff and of expenditure since 1913-14 and particularly in recent years.

	1913-14 (actuals).	1922-23 (budget).	1924-25 (actuals).	1929-30 (actuals).	1931-32 (budget).
(a) No. of officers	13	14	14	55	37
	Rs.	Rs.	Rs.	Rs.	Rs.
(b) Total expenditure	4,27,286	7,14,000	6,67,525	12,90,012	21,48,000
Cost of telegrams .. ..	..	1,63,000	1,37,850	2,16,135	8,43,500
Establishment etc., at Agra .. ..	..	13,650	1,03,854	1,97,127	2,75,260
Karachi (air service) .. ..	..	..	..	27,267	36,700
Delhi office .. ..	..	..	..	<i>Nil.</i>	35,400
Rangoon office .. ..	..	..	..	<i>Nil.</i>	45,100
English charges .. ..	..	..	..	70,040	1,29,000

5. *Proposals.*—The rapid growth of expenditure was caused in the main by the development of aviation—both civil and military. Our proposals for its reduction are :—

- (i) The Committee were given to understand that if the requirements of the Meteorological Department in the cause of Civil Aviation were restricted generally to giving facilities at the two air ports of India, it could, by various adjustments in expenditure, make an annual saving of about 4 lakhs. In accordance with our recommendations on the grant for Civil Aviation, we consider that this change should be effected in the meteorological budget.
- (ii) In addition, however, we consider that this Department's total budget for 1932-33 should be brought down to 15½ lakhs.
- (iii) We suggest certain lines of action along which the reduction of expenditure can in our opinion be effected. But, in the case of this technical department with its ramifications all over India we do not propose to go into detail. We have asked the Department of Industries and Labour to work out a scheme and place it before us so that we may consider it in connection with our final report. Our own suggestions are :—
 - (a) The Kodaikanal work might be suspended for the present.
 - (b) Possibly some other items of theoretical scientific work done in the observatories might be suspended.
 - (c) The normal activities of agricultural meteorology might be reduced.

- (d) A 10 per cent. reduction might be made all-round in the present establishments at Poona, Alipore, Madras, Bombay, Agra and at other places.
 - (e) Possibly the Director-General could himself undertake the duties of the Meteorologist at Poona.
 - (f) Some of the less essential stations might be cut out.
 - (g) The practice of part-time meteorologists which used to be in force at one time might be reverted to in some places.
 - (h) Some Assistant Meteorologists might be replaced by observers on lower scales of pay.
6. On our proposals the gross savings will be 5·98 lakhs.

CHAPTER XII.

GRANT NO. 50.—GEOLOGICAL SURVEY.

1. *Functions.*—The primary function of this Survey is to investigate and estimate the mineral resources of India. A systematic field survey is undertaken for the determination of the geological structure of the country.

Organisation.—Its present staff is (i) a Director on Rs. 3,000, (ii) six Superintendents on Rs. 1,500—100—2,000, (iii) twenty-two Assistant Superintendents on Rs. 400—50—1,200, (iv) six Sub-Assistants on Rs. 250—20—650, (v) a Chemist on Rs. 400—50—1,200, and (vi) an Artist on Rs. 350—15—600. The present incumbent of the Artist's post is on a scale personal to him and also gets a personal pay in addition. Overseas pay is also drawn at the usual rates by those entitled to it.* The establishment of 38 for India proper consists of an Assistant Curator, Museum Assistants, Draftsmen, Field Collectors, Assistant Chemist, clerks and others. There are also 5 compositors and 41 servants. Burma has a separate establishment of 22. For work both in India proper and in Burma there are provisions of Rs. 5,500 and Rs. 1,700, respectively, for temporary establishments.

* £13-6-8 by Director and five of the Superintendents and £25 or £30 by 12 Assistant Superintendents and Chemist.

2. *Growth of expenditure.*—The following table shows the growth of staff and of expenditure :—

	1913-14.	1920-21.	1924-25.	1931-32.
Expenditure	3,06,000	4,37,000	4,58,000	5,69,000
No. of Officers	22+1†	20	37	37
No. of Establishment	55	55	77	106

† Assistant Curator who is now shown under Establishment.

Since nearly three-fourths of the budget provision is on account of the pay and allowances of officers, any serious scheme of retrenchment must necessarily be based on a substantial reduction of the number of officers or of their scales of pay or both.

3. *Proposals.*—The sub-Committee holds that if the survey were to be closed down, the loss to India from both the economic and the scientific points of view would be out of all proportion to the immediate relief to the revenues, and the burden of compensations which would have to be paid would be a heavy drag, and that public opinion in India would not accept such a drastic measure. It is, therefore, in favour of retaining the survey. Our official colleague—Mr. Nixon—however, urges that on grounds of financial necessity it should be closed down altogether or for a term of years.

The Industries and Labour Department stated that in the last resort they would be prepared to cut the department down to a nucleus staff of eight including the five headquarters posts. Such a drastic course would result in economy, but there would be little return for the expenditure on the nucleus staff kept in "cold storage".

Our view is that in the life of this 80 years old survey a stage has been reached when new discoveries are made at a much slower rate: during the last decade few mines of importance have been brought to light. Hence, even apart from the financial exigencies, we consider that there is justification for a reduction of the staff and some restriction of field activities. We have therefore

tried to evolve a scheme which will reduce expenditure very substantially without, however, crippling the survey.

We hold that this survey has an excessive proportion of highly paid class I officers (*viz.*, 31 out of 37), even when allowance is made for the fact that its work is scientific, and that advantage should be taken of the present occasion to reorganise it on proper lines.

4. *Scheme*.—Our scheme is to reduce the number of officers so as to retain the following:—(i) One Director, (ii) three Superintendents including one for Burma, (iii) ten Assistant Superintendents, (iv) six Sub-Assistants.

We find that four of the six Superintendents have already, or will soon have, completed 25 years' service; it should not be difficult to reduce their number by *at least* three. The present Chemist and Artist are both unduly expensive. The former will have completed 25 years' service in November 1931, and can be retired. The Director's own scheme contemplates the abolition of the Artist's post. Hence, these posts too should at present be brought under reduction. Among the Assistant Superintendents the position is not so favourable, since only two have completed 25 years of service; compensations will have to be paid to those who are discharged.

Our proposals will leave a superior executive staff of 20 officers of whom 14 will be of class I status. We find that at present, during the Chemist's leave, the Assistant Chemist is carrying on the Chemist's duties; this arrangement should be continued for some time. If actual experience demands it, a chemist may be appointed afresh on a substantially reduced scale of pay. Similarly an artist can also be engaged in the non-gazetted establishment if a special post of artist is proved to be inevitable.

We further propose that as vacancies among Superintendents and Assistant Superintendents occur, the addition to the superior staff should be made only at the bottom, *i.e.*, in the cadre of Sub-Assistants. The Assistant Superintendents and Sub-Assistants may be re-designated as Superintendents and Assistant Superintendents.

In this connection we should point out that the survey had a staff of 22 (*plus* 1 Assistant Curator) in 1913-14 and of 20 in 1920, and that our scheme of 20 officers with the possible addition at a later stage of a Chemist, is not materially different from the Director's own scheme of 26 officers. (In our opinion a separate post of Curator is not needed; palæontological work can be suspended or done during the hot weather. An unattached post cannot be maintained, and for work in the provinces 14 or 15 officers would be almost as good as the 16 proposed by the Director.)

(5) *Savings on officers' pay*.—Leaving out compensations and premature pensions, our scheme will yield the following savings, on officers alone, *viz.*, (a) immediate Rs. 2,67,200; (b) including "non-effective" Rs. 3,22,710.

(6) *Other economies*.—Our minor proposals for economy are:—

(i) We do not think there is any need to pay a duty allowance for the Curator's or the Palæontologist's work. If these allowances are cut out, there will be a saving of Rs. 3,600 per annum.

(ii) The provision for travelling and other allowances should be cut down by at least Rs. 35,000 for officers and Rs. 5,000 for establishments. Reduction of staff and of the rates of travelling allowance,

the alteration of the proportion of class I to class II officers and some restriction of field activity and its greater concentration afford the justification for our proposal to reduce the provision for travelling allowance and other allowances from Rs. 1,06,000 to Rs. 66,000. (The provision of Rs. 25,100 for Burma remains intact.)

- (iii) House-rent allowances and the concession of rent-free quarters should, generally speaking, be abrogated, especially when the staff is recruited for work at a particular centre. (Mr. Nixon dissents on this point). We have not taken account of this in our proposed reduction of Rs. 40,000 in the grant for travelling and other allowances.
- (iv) The existing provision of Rs. 1,700 for the medical treatment of British officers is liable to lead to over-budgetting and should be reduced to Rs. 200. There will also be some saving in the provision of Rs. 15,000 under "Cost of Passages" but it cannot be calculated.
- (v) We concede that a reduction of the establishments in proportion to the reduction among officers is not possible. Even then a reduction of one-fifth can be safely proposed. This would yield a saving of nearly Rs. 12,500. The provision of Rs. 5,000 for field establishment should be reduced to Rs. 2,500. Total saving, Rs. 15,000. (NOTE.—The reduction in Burma need not be in the same proportion as in India proper.)
- (vi) Supplies and services should be cut down from Rs. 42,100 to Rs. 25,000 (The Director's own proposal even on a full programme was to cut this down to Rs. 30,000).
- (vii) Contingencies should be reduced from Rs. 11,100 to Rs. 6,100.
- (viii) The provision for English stores should be reduced from Rs. 9,000 to Rs. 3,000. (Even on a full programme the Director's own proposal was to make a reduction of Rs. 4,060.)

(7) *Summary*.—Thus the immediate reduction of expenditure, apart from that resulting from the application of some general proposals which we shall make, will be about Rs. 2,67,200 plus 88,200 = 3,55,400 = 62½% of the 1931-32 budget. Including the non-effective charges (on officers only) the savings will be Rs. 4,10,910. We recommend that the 1932-33 budget should be reduced by 3½ lakhs to about 2·20 lakhs; this will allow an extra Rs. 6,400 as a margin for the fact that we have so far ignored "probable savings". We may add that during the quinquennium 1913-14 to 1918-19 the average annual expenditure was 2·37 lakhs.

(8) *Royalties*.—The Department of Industries rightly lays great stress on the important results of the activities of the Geological Survey as reflected in the revenue derived from royalties and taxes on the incomes of the companies and individuals connected with the working of the mines in addition to the employment which the mining industries give to several hundred thousands of men. A study of the facts in this connection has brought into prominence the question whether exploration of the mineral resources of the country—

exhaustible asset—mainly through the efforts of this department benefits the revenues of India to the fullest possible extent. In British India the mines containing different kinds of minerals are the property of Local Governments except in the permanently settled areas where they belong to the zamindars, while the mines acquired by the State Railways are the property of the Central Government. The State of Mysore in whose territory the Kolar gold-fields are situated has a geological department of its own; otherwise the geological survey of India serves not only British India but the Indian States as well. The Department charges no fees for the examination of the specimens sent by zamindars and other private individuals or the Indian States or for any other information which it supplies to them. The Local Governments charge a certain royalty on the minerals that are raised by the companies or individuals, to whom the mines are leased, at the following rates:—

	1914-18 average production.	Basis of calculation of royalty adopted.	Rate of royalty.	Amounts.
				Ra.
Coal	17,951,583 tons	Value at mines, Ra. 66,28,610.	5 per cent ..	3,314,380
Gold	586,579 ozs. ..	Gross value 12,258,653.	2½ per cent ..	8,46,990
Petroleum ..	70,648,530 barrels	Production ..	8 as. barrel	35,32,426
Mn.-ore ..	491,902 tons ..	Production ..	4 as. ton ..	1,22,975
Tungsten ..	3,473 tons ..	Spot-value, Ra. 69,25,470.	2½ per cent.	1,73,137
Mica	49,621 cwts. ..	Export value, Ra. 56,00,550.	5 per cent.* ..	2,80,028
Lead ore ..	14,858 tons ..	Spot value Ra. 53,84,550.	2½ per cent ..	1,34,614
Silver	967,166 ozs. ..	Gross value Ra. 20,38,935.	2½ per cent.	50,998
			Total ..	84,55,548

* Should be spot value, figures for which are not available.

(9) *Proposals re: royalties and mineral policy.*—These rates are *prima facie* very low and it was admitted before us by the Director that the zamindars generally speaking charged higher rates of royalty for minerals worked on their properties and also that the rates fixed by the Government of India compared unfavourably with the royalties charged in some other countries. We are clearly of the opinion that Government should take the earliest possible opportunity to revise its mineral policy, for we feel that Indian public opinion is not satisfied that the mineral wealth of India which belongs to the people is not given out to prospectors on too easy terms. We are told that the rates of royalty have on more than one occasion been subjected to scrutiny by the Secretary of State for India and the Government of India. We have however no hesitation in urging upon Government the need for overhauling its entire mineral policy and we recommend that a strong Committee representative of informed public opinion be formed to examine the position with the aid of unbiassed expert advice. We further recommend that standing committees of the Central and Provincial Legislatures be formed to supervise the execution of such mineral policy as may be laid down.

CHAPTER XIII.

GRANT No. 51—BOTANICAL SURVEY.

1. *Functions.*—This survey is charged with the scientific botanical survey of India. It also maintains the Industrial Section of the Indian Museum and collects specimens, prepares drawings, exhibits botanical (including cinchona) products, and collects and disseminates information regarding medicinal, food and fodder, timber and other economic plants and products. It is surveying the possibility of building up the emetine industry in India. The plantation of cinchona trees and the sale of cinchona products are also in its charge.

Owing to lack of funds its field activities had been held in abeyance but were revived in 1929-30.

2. *Organisation.*—The Superintendent of the Royal Botanical Garden, Sibpur, who is an employee of the Bengal Government is *ex-officio* Director of this survey and is given a special pay of Rs. 400 and a conveyance allowance of Rs. 100. The Industrial section of the Indian Museum is in charge of a Curator. There are two "systematic assistants" for scientific work. The cinchona plantations are in Burma and are in charge of a Superintendent who gets Rs. 750 plus a duty allowance of Rs. 250, Burma allowance of Rs. 120 and a house-rent allowance of Rs. 50.

The establishment for the survey consists of an Assistant Curator and clerks (15 in all) and 12 servants and some temporary establishment. The cinchona plantation establishment (permanent) consists of an overseer, a Sub-Assistant Surgeon, a clerk and a watchman.

3. *Growth of expenditure.*—The estimated expenditure in 1931-32 is Rs. 2,98,000 of which Rs. 58,900 is for the survey proper, Rs. 2,37,100 for the cinchona plantations, and Rs. 2,000 for English stores.

Expenditure on the survey proper has grown as below :—

1913-14.	1922-23.	1924-25.	1929-30.	1931-32.
Rs. 43,082	Rs. 53,050	Rs. 46,724	Rs. 53,375	Rs. 58,900

4. *Proposals.*—(i) We propose that the budget for the survey proper should be reduced to an amount between Rs. 25,000 and Rs. 30,000. Though we do not propose that its future work should be restricted to strictly "museum" work, we recognise that our proposal will hardly leave much margin for scientific work. The post of the Director, *ex-officio*, should be abolished. If the present Curator could be put in charge of the cinchona plantation in Burma, substantial savings could be effected, but in the absence of detailed information we are unable to make a specific recommendation.

(ii) As regards the Industrial Section of the Museum, our recommendation is that it should be placed under the administrative control of a single officer

for the entire Museum. (*Vide* our proposals relating to the Indian Museum, Chapter XVII). We think that a Curator of the present status should be retained.

(iii) We do not propose to preclude the continuance of such scientific work as can be managed by the reduced staff within the financial limits proposed by us. Since many universities maintain departments of botany, we recommend that they as well as other scientific bodies should be encouraged to take up the purely scientific work of this survey.

5. *Cinchona plantations.*—

(a) *Expenditure.*—As regards the cinchona plantations really useful comparative figures of the growth of expenditure cannot be given, since the policy and the methods have varied materially. It may suffice to say that the pay etc., of officers and establishments have gone up from Rs. 32,543 in 1924-25 to Rs. 38,600 in 1931-32.

(b) *Proposals.*—Our proposals on this subject are that no extension of the plantations should be permitted at present. Excluding the provisions of Rs. 1,60,000 for plantation, implements, stores etc., and Rs. 35,000 for the extraction of quinine, the 1931-32 budget provision is reduced to Rs. 42,100; out of this a permanent reduction of Rs. 9,760 due to the abolition of the post of Assistant Superintendent is offered by the Department and may be accepted. But this economy is only a normal saving which would have accrued in any case. We hold that the other provision should be cut down so as to save Rs. 15,000. In this connection, we think that the duty allowance to the Superintendent should be revised since his duties under our proposals will be rendered much lighter. The economy offered under "plantation" and "extraction" is Rs. 80,000. Since this offer is based on the policy we are recommending, we do not propose to raise it to a figure higher than Rs. 85,000. Thus, the cinchona grant should be cut down by Rs. 15,000 plus Rs. 85,000 = Rs. 1,00,000.

6. The budget of this survey for 1932-33 should be brought down to Rs. 30,000 + 1,37,000 = Rs. 1,67,000.

CHAPTER XIV.

GRANT No. 52—ZOOLOGICAL SURVEY.

1. *Functions.*—This survey was instituted in 1916 and inherited the duties of the Zoological and Anthropological section of the Indian Museum. Besides maintaining that section it acts as a guardian of the zoological collection of the Indian Empire and obtains and utilises information about the systematic and geographical zoology of India.

The Department attaches relative importance to its activities in the following order :—

- (i) Maintenance of the exhibits in the public galleries ;
- (ii) Field work ;
- (iii) Care and maintenance of the collections ; and
- (iv) Research.

2. *Growth of expenditure.*—Its present expenditure of Rs. 2,30,000 and its staff have grown as below :—

	1913-14.	1922-23.	1924-25.	1927-28.	1931-32.
	Rs.	Rs.	Rs.	Rs.	Rs.
(A) Expenditure—					
Pay of officers	38,080	53,600	43,380	64,214	89,500
Pay of Establishments	25,300	43,260	38,503	50,516	67,000
Allowances, etc.	3,010	10,500	8,698	23,729	29,900
Supplies and Services	33,910	35,440	41,880	29,588	29,600
Contingencies	26,060	11,800	13,572	16,226	14,000
Grants-in-aid .. ..	..	25,000	..	..	..
Total	1,28,711	1,77,000	1,46,133	1,84,273	2,30,000
(B) Staff—					
(a) Officers	5	4	5	7	*8
(b) Ministerial	19	29	27	35	46
(c) Servants	75	34	33	33	40

* Includes the temporary post of Research Officer, Andaman Fisheries.

3. *Proposals* :—

- (i) There are eleven universities in India with departments of zoology. Zoological survey work is not normally of a systematic nature and the work of the universities could and should be of the nature which must overlap the activities of a Government zoological department. Further, zoological survey cannot be said to have an economic value. We therefore feel justified in proposing that the budget for 1932-33 should be brought down to Rs. 60,000 including the amount (not exceeding Rs. 12,000) which may be found necessary for fisheries work. In view of its economic importance we think fisheries work should be continued, but it should be placed under the control of the Andamans

administration. In view of the importance of anthropology to a country like India and the facts that this subject has been prescribed for certain important examinations and that facilities for its study are still uncommon, we deem it desirable to continue that section. Finally, we might make it clear that we have no objection to the continuance of such purely scientific work as can be carried on by the staff that will be left.

- (ii) We recognize the serious curtailment of work which our proposals involve, but we feel that the essential duties can still be carried on with the budget proposed by us, provided that all unnecessary items of expenditure are deleted. In particular, we think the survey should not have such an expensive Director. The Superintendent should take administrative charge of the entire Indian Museum under the Trustees without extra emoluments and only a suitable share of his salary should be debited to the Zoological Survey. We observe that study-leave has been given liberally in the past (*viz.*, to 5 out of the 7 existing officers); this concession should for the present be severely restricted. Since the staff is recruited for work at Calcutta, the grant of compensatory and house-rent allowances and the concession of rent-free residential accommodation should be abrogated. *Prima facie* some of the duties can be "doubled-up."

CHAPTER XV.

GRANT NO. 53—ARCHÆOLOGY.

1. *Historical.*—(i) Prior to the introduction of the Reforms, conservation (as distinct from excavation) was a liability of the Local Governments and the greater part of the cost of conservation was paid for from provincial revenues. The Government of India used to give grants-in-aid (about a lakh). The Director-General, as adviser to the Government of India, used to administer these grants, but the Superintendents in charge of circles were under the Local Governments' control till 1927.

(ii) *Cost.*—The estimate for 1931-32 is Rs. 16·01 lakhs. The expenditure in 1913-14 including the amount expended from provincial revenues was 7·70 lakhs.

2. *Organisation.*—Up to 31st July 1931 the department had the following sanctioned staff:—

- (i) A Director-General (Rs. 1,750—2,250 plus £13/6/8 O. P.), (ii) two Deputy Directors-General, (iii) eight Superintendents in charge of circles, (iv) one Superintendent in charge of the Museum at Calcutta, (v) five* Assistant Superintendents, (vi) one Assistant Superintendent for Exploration, (vii) one special officer for excavations, (viii) two Assistant Engineers, one for the U. P. † and one for the Punjab, (ix) six whole-time Epigraphists and one part-time one (two of these posts are vacant), (x) two Chemists at Dehra Dun, (xi) a Curator for the Central Asian Antiquities Museum at New Delhi, and (xii) one officer on special duty.

The scale of pay for Superintendents and Assistant Superintendents is Rs. 350—50—1,200, but Assistant Superintendents can only go up to Rs. 1,000. These scales apply to all except the Assistant Engineers and the Curator. Each Deputy Director-General gets a special pay of Rs. 250, and the Government Epigraphist a special pay of Rs. 100 p. m. The Assistant Engineers' scale is Rs. 500—25—750; one of these posts is vacant since 27th August 1931. The Curator's scale of pay is Rs. 350—50—700. The Director of Archæology in H. E. H., the Nizam's Dominions is the Epigraphist for Persian and Arabic inscriptions and is given a special pay of Rs. 150 by the Government of India.

There used to be eight circles including Burma but with effect from 1st August 1931 one circle has been abolished. Each is in charge of a Superintendent; some of them also have an Assistant Superintendent. The archæological section of the Indian Museum is also in charge of a Superintendent.

3. *Exploration.*—Excavation is in progress at Mohenjo-Daro, Taxila, Harappa, Paharpur, Nalanda and Nagarjunikonda. Mohenjo-Daro excavation is in charge of a Special-Officer, and Taxila excavation in charge of Sir John Marshall who has been re-employed (on the pay which he used to get as Director-General plus a special pay of Rs. 250) on a special duty, viz., writing up the accounts of the Mohenjo-Daro, Harappa and Taxila excavations and preparing certain guide books and monographs.

*Including two leave reservists.

†This officer was designated Assistant Superintendent.

4. *Proposals.*—(i) Though we recognise the pressing need for retrenchment, we do not consider it desirable that this department which is engaged in work of considerable national importance should be crippled. The Sub-Committee considers that a cut of 5½ lakhs will, as explained below, enable the financial exigencies to be reasonably satisfied without unduly curtailing the department. Our official colleague—Mr. Nixon—holds that its expenditure should be reduced so as to cost not more than 9½ lakhs in all, but he has given no details of the scheme he has in view.

(ii) Excepting the U. P. and the Punjab, conservation work is at present carried out through the agency of the Local Governments' Public Works Departments. We attach importance to the need of properly conserving the more important monuments but except in the case of monuments in and near Delhi and Agra (which can be looked after by a special engineer at Delhi belonging to the Archæological Department) we see little real gain in conservation direct by a departmental agency. Even if the Local Governments do not reduce their usual charge for agency work, the taxpayer as a whole will stand to gain if local Public Works Departments in the United Provinces and the Punjab are invited to undertake conservation of the monuments in the outlying areas and execute it in accordance with the department's instructions. On the department's own showing there will be saving of at least Rs. 5,000 per annum. But since the grant for conservation will be reduced, the savings will in fact be larger. Our proposal will enable the post of one Assistant Engineer (which is vacant at present) to be reduced and the two special pays of Rs. 150 per mensem each to be abolished.

(iii) We hold that the expenditure on conservation should be reduced from 6.77 to 4.75 lakhs. The Inchcape Committee proposed that the number of protected monuments should be cut down from 2,511 to about 500; in fact, it has gone up to 2,685. Even the number of monuments under conservation has gone up from 811 to 1,377. In our opinion a judicious selection of the monuments to be conserved and some relaxation in favour of private bodies and institutions, subject to suitable conditions as regards retention of effective control by the department, should enable the department to get the best value for the outlay on conservation.

(iv) We further hold that in her present financial condition India cannot afford to spend money on new exploration. This should therefore stop. The post of the Special Officer for excavation should be abolished. A small amount will, however, be needed for the preservation of exposed excavations. Still, there should be a saving of 1½ lakhs under this head.

(v) The number of circles should be reduced to six, viz., Burma, Eastern, Southern, Western, Northern and Frontier. The Superintendentship of the archæological section of the Indian Museum should be doubled up with the charge of the Eastern Circle. The Central Circle should be abolished. One of the two circles with headquarters at Lahore has already been abolished with effect from 1st August 1931. These proposals should enable four Superintendent's and Assistant Superintendent's posts to be abolished and some other reduction of expenditure on establishment etc. to be effected. We estimate that the total savings will be about half a lakh.

(vi) We are unanimous that Sir John Marshall's special duty which is costing about Rs. 40,000 a year should be brought to an end. The Department should have utilised the material while he still held charge of it. His special duty appears to us to create an embarrassing precedent both of principle and of details. It may not be impossible for the department to arrange for this work to be continued in some manner within the budget provision we have suggested, after his special duty is brought to an end.

(vii) In the light of our proposals above, and as exploration is being practically stopped, we consider that the present staff should be curtailed. There should be only one Deputy Director. The Epigraphical Branch should have not more than four officers in future; we observe that one officer has proceeded on leave preparatory to retirement and another will be due for superannuation in a couple of years. The Epigraphist should be attached to Headquarters; he can then also serve as an additional Deputy Director, if necessary. There should be only one Chemist and only one Engineer. The Department should thus have 20 officers in future, viz :—

- (1) one Director, (2) a Deputy, (3) an Epigraphist, (4) six Circle Superintendents, (5) four Assistant Superintendents, (6) three other Epigraphists, (7) one Chemist, (8) one Engineer, (9) one Curator for the Central Asian Antiquities Museum, and (10) one leave reservist.

As regards the post of second Chemist, we understand that the incumbent is going on foreign service. Therefore the abolition of that post might with advantage be held in abeyance; meanwhile, the post should not be filled up.

(viii) There should be no special pay for the Deputy Director or the Epigraphist or the Superintendents in charge of the Northern and Frontier Circles.

(ix) The Department including its library should be permanently located at Delhi.

(x) There is room for economy under other sub-heads, but we need not go into detail. The scholarships should, however, be cut out.

5. *Summary of savings.*—The 1932-33 budget should thus be fixed at 10½ lakhs (plus Rs. 13,000 till such time as the Epigraphist retires or goes on leave preparatory to retirement). The economies resulting from the operation of revised scales of pay for future entrants as also the cost of compensation and pensions to the staff that will be discharged have been left out of our calculation.

CHAPTER XVI.
GRANT No. 54—MINES.

1. *Functions.*—The functions of the Mines Inspectorate are statutory under the Indian Mines Act and the rules and regulations made thereunder.

The Inspectorate consists of :—(i) one Chief Inspector (pay Rs. 2,100—2,500, plus overseas pay £13/6/8). (The present incumbent gets 2,500+ a personal pay of Rs. 250 p. m.), (ii) three Inspectors (pay Rs. 1,250—50—1,500, plus overseas pay £30), (iii) one Electrical Inspector* (pay Rs. 950—50—1,550, plus overseas pay £30), (iv) five Junior Inspectors (pay Rs. 500—30—950, plus O. P. which is drawn by three of the five officers), and (v) an establishment of 37—superintendent, surveyors, draftsmen and clerks— and 26 servants, at a total estimated cost of Rs. 56,300.

2. *Growth of expenditure.*—The budget estimate for 1931-32 is Rs. 2,63,000 and the estimated receipts are Rs. 6,000; the net grant is Rs. 2,57,000. The expenditure has grown as shown below :—

	1913-14 (actuals).	1922-23 (budget).	1931-32 (budget).
	Rs.	Rs.	Rs.
Pay of officers	46,338	1,28,850	1,46,500
Pay of establishment	24,935	45,720	56,300
Allowances	19,175	37,780	49,400†
Supplies and Services	955	850	10,800 (including 1,000 for English stores).
Contingencies, etc.	6,909	14,150	
Total	98,312	2,27,350	2,63,000

Since the Inchaape Committee reported, one Inspector's post has been created and one Junior Inspector's post has been made permanent.

3. *Proposals.*—(a) In view of the statutory duties of this Inspectorate and the recommendations of the Labour Commission, we agree that the number of officers should not be reduced. When, however, the present Chief Inspector retires (he completed 55 years of age on 27th August 1931), the number of Inspectors should be reduced to two, and the post of an Assistant Inspector should be created. In future, recruitment to the Inspectorate should, whenever practicable, be made at the bottom, i.e., in the cadre of Assistant Inspectors.

(b) In our opinion the scales of pay in this Department are higher than they need be. We are not in a position at this stage to make specific recommendations. We also observe that the scales of pay of the ministerial staff are

* Present incumbent does not draw overseas pay but is drawing Rs. 1,550 in the scale Rs. 1,200—50—1,800.

† Includes the cost of passages and house-rent, examination and other allowances.

unduly liberal, and we recommend that these should be revised as soon as possible, especially in the light of the fall in prices.

(c) Our other proposals for economy are :—

- (i) the ministerial establishment should be cut down from 37 to 32 and the number of servants from 26 to 20 ;
- (ii) the rates of travelling allowance in the provinces with which the Mines Inspectorate is principally concerned have been, or are likely to be, reduced. Under our proposals the number of officers entitled to travelling allowance at first class rates will be reduced by one. The actual expenditure in 1928-29 and 1929-30 was Rs. 34,262 and Rs. 34,734. We therefore feel that the provision for travelling allowance can safely be cut down from Rs. 36,300 to Rs. 30,000,
- (iii) in our opinion house-rent allowances at any centre outside the regular scheme for house-rent allowances should be abrogated ;
- (iv) if residential accommodation is supplied by Government, it should be charged for according to the usual rules ;
- (v) we propose that the provision under sub-head (E)* should be reduced to about Rs. 1,500 and that the staff of the Mines Inspectorate should not be paid any fee, allowance or remuneration for work in connection with these examinations. We estimate that the savings will be about Rs. 6,000 ;
- (vi) the provisions for Supplies and Services and Contingencies should be reduced by Rs. 1,000 and for English charges by Rs. 800.

4. *Summary.*—(a) The minimum reduction of expenditure resulting from our proposals will be Rs. 43,500 (*i.e.*, a little over 16½ per cent. of the 1931-32 budget) as below :—

- (i) Reduction of one post of Inspector and the creation of one post of Assistant Inspector — Rs. 23,400 *minus* (say) Rs. 2,400 = Rs. 21,000.
- (ii) Reduction of establishment—Minimum saving = Rs. 7,000. We estimate Rs. 8,400.
- (iii) Travelling allowances, etc., Rs. 6,300.
- (iv) Examination charges, Rs. 6,000.
- (v) Supplies and Services and Contingencies, Rs. 1,000.
- (vi) English charges, Rs. 800.

The 1932-33 budget should be reduced accordingly.

If leave and pensionary charges be also included, there will be an additional reduction of expenditure of about Rs. 5,000, but we leave this out of account in this connection.

(b) It will be noticed that under our proposals no compensation will be payable except perhaps in respect of some of the establishments.

* Allowances and other charges in connection with examinations.

CHAPTER XVII.

GRANT NO. 55—OTHER SCIENTIFIC DEPARTMENTS.

1. *Indian Museum, Calcutta.* (i) *Explanation of the grant.*—The Government of India make grants-in-aid to the Trustees of the Indian Museum, Calcutta, for (i) the maintenance of the Trustee's office, (ii) the Art section and Art Gallery, and (iii) Rents, rates and taxes. The provisions for 1931-32 are Rs. (i) 18,000, (ii) 16,900, and (iii) 14,400, respectively. The Government of Bengal contribute Rs. 8,300 per annum towards the upkeep of the Art section and the Art Gallery.

In 1922-23 the cost was Rs. 41,260 ; in 1931-32 it is Rs. 49,300. This amount includes an obligatory payment of Rs. 16,400 for rents, rates and taxes to the Calcutta Municipality.

The staff employed in 1922-23 was 58 ; it is 62 now.

(ii) *Proposals.*—(a) The only item under which the Trustees propose to offer a reduction is "Purchase of specimens". The reduction offered is Rs. 4,000, but this amount is reduced to Rs. 2,058, because the Trustees find it necessary to set-off against the proposed surrender of Rs. 4,000 the reduction of Rs. 1,942 made in the grant for rents, rates and taxes. This offer of Rs. 2,058 should be accepted and the Trustees may be prevailed upon to surrender permanently at least another Rs. 3,000, making in all Rs. 5,000.

(b) *Unitary administration.*—As regards the Indian Museum, we have one more proposal to make. In our opinion the present arrangement under which the Indian Museum is maintained in sections, some under the control of the Trustees and the others in charge of fairly highly-paid officers employed by the Government of India is needlessly costly. We hold it to be possible to reduce the expenditure on the pay and allowances of these officers if the administrative charge of the Museum is unified and entrusted to one officer working under the Trustees. If the Trustees can be persuaded to accept the arrangement proposed by us, the Superintendent of the Zoological section might be appointed as Director of the Museum without extra emoluments and the various sections might be placed in charge of assistants on substantially lower scales of pay than those now in force. We do not go so far as to suggest that he should be made an employee of the Trustees ; we have no objection to a trial being given to the present system under which officers paid by Government hold charge of many of the sections. But, if on administrative or other grounds it be decided, now or later, to vest full control over him and his assistants in the Trustees, we see no strong reason against such an arrangement. For the present all we aim at is unified administrative control and substantial reduction of Government's expenditure on the maintenance of the Museum.

2. *Scientific Societies and Institutes :—*

(i) The Government of India also make grants-in-aid to the following scientific societies and Institutes :—

	Rs.
(a) Indian Institute of Science, Bangalore	1,50,000
(b) Bose Research Institute, Calcutta	1,03,000*

* (The Rs. 3,000 is for the printing, etc., of the transactions of the Institute.)

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|---|--------|
| (c) Indian Association for the Cultivation of Science, Calcutta | 20,000 |
| (d) Asiatic Society of Bengal, Calcutta | 5,000 |
| (e) Bhandarkar Oriental Research Institute, Poona | 5,000 |
- (ii) *Proposals.*—As regards reduction of the expenditure on the items mentioned above the Sub-Committee does not feel justified in making any definite reductions in these grants. (Para. 10 of Chapter I may be seen). Mr. Nixon, however, holds that this group of institutions should also be subjected to retrenchment in common with the departments of Government.
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CHAPTER XVIII.

GRANT NO. 56—EDUCATION.

1. *Explanation.*—This demand consists exclusively of direct grants-in-aid by the Government of India and similar minor items of expenditure and is exclusive of the expenditure on education in the minor administrations.

2. *Growth of expenditure.*—Leaving out the non-recurring grants to the Benares and Aligarh Universities the expenditure is Rs. 6,87,000 (estimated) in 1931-32 against Rs. 3,36,000 (actual) in 1913-14 and Rs. 4,17,000 (actual) in 1924-25.

3. *Proposals.*—(i) The Sub-Committee is not prepared to propose any definite reduction in the recurring or non-recurring grants to the Benares and Aligarh Universities or to other educational institutions. Mr. Nixon, however, “considers that these institutions should contribute their share in the retrenchment necessities of Government and that the recurring grants should be cut, by steps if necessary, by 10% and that the remaining capital grant to the Aligarh University should be spread out over two years instead of being paid in one year, the Benares University having already got its corresponding instalment”.

(ii) On the question of grants to the Chiefs' colleges or schools (at Ajmer, Lahore, Indore, Rajkot etc.), our provisional conclusion is that such grants should be abolished, subject to reconsideration in the light of any evidence which the Foreign and Political Department may give us at a later stage.

Arrangements should be made for their inspections by a cheaper agency—if possible, the Local Governments' agency. The cost of passages, leave etc., on account of officers lent to such colleges should not in any way fall on central revenues. We have been given to understand that the grant to one such officer of leave preparatory to retirement coupled with permission to take up employment in one such college was an exception, and we hope that occasions for such exceptional treatment will not arise in future.

(iii) On our proposals the reduction of expenditure in this grant will be Rs. 38 000. Besides, there will be a reduction of 6 lakhs in the 1932-33 budget owing to the completion of the payment of the non-recurring grants to the Benares Hindu University.

CHAPTER XIX.

GRANTS NO. 57—MEDICAL SERVICES AND 58—PUBLIC HEALTH.

(A) GRANT NO. 57—*Medical Services.*

1. (i) *Explanation of the grant.*—Under the present constitution “Medical” (both administration and education) is a provincial transferred subject. The Government of India maintain a Director-General, Indian Medical Service, and his office and certain medical staffs and undertake medical work at certain centres. The cost of medical administration (including grants-in-aid) in the minor administrations is not budgeted for in this grant, but in the “area” grants.

2. *Functions of the Director General.*—(i) These are :—

- (a) Control of medical administration in the minor administrations, political agencies and at Simla, Gwalior and on the North-East Frontier.
- (b) Advice to the Government of India, and to Local Governments on medical matters including grants-in-aid.
- (c) Control of the work of the Imperial Serologist.
- (d) Control of the five medical store depôts.
- (e) Recruitment for the I. M. D. and recruitment *in India* for the I. M. S.
- (f) Posting of I. M. S. and I. M. D. officers, when transferred to the civil side, to (but not *within*) the major provinces and to the Foreign and Political Department and of I. M. D. officers to the Railways.
- (g) Maintenance of the records of service of all officers of the I. M. S. and I. M. D. and of Army Sub-Assistant Surgeons.
- (h) “Service” matters *e.g.* leave, promotion, pension, discipline, dress etc.
- (i) departmental examinations.
- (j) All-India Medical Council.

(ii) *Largely military.*—It will be seen that as stated by the Department of Education, Health and Lands “only a portion of the Director-General’s work is done for the civil authorities”. The I. M. S. and I. M. D. are essentially military services. The expenditure on the Medical Store Depôts and their profits are found among the Army Estimates. The principal minor administrations (*e.g.*, North-West Frontier Province, Baluchistan, Ajmer-Merwara) have their own Chief Medical Officers. The State railways have just reorganised their own medical arrangements.

3. (i) *Organisation and cost of activities.*—The Director-General (pay Rs. 3,500) is assisted by a Deputy Director-General (Rs. 2,250 plus £30 Overseas Pay), one Assistant Director-General (Rs. 2,000—2,100 plus £30 Overseas Pay), one Assistant Director-General for stores work (Rs. 1,750 plus £30 Overseas Pay), two I. M. S. Captains and a Bacteriological Officer (these three

officers are a reserve for medical research) and a Chief Superintendent with gazetted rank. One of the Assistant Directors-General is also assistant to the Public Health Commissioner. The total provision in 1931-32 for officers is Rs. 1,61,400. The establishment costs Rs. 1,29,000 in salaries and consists of 42 ministerial and 26 servants. This establishment is used for the office of the Public Health Commissioner also, and 40 per cent. of the charges on this establishment are debited to the Public Health grant. Medical Superintendence, i.e., headquarters work, costs Rs. 3,73,100 including Rs. 68,800 for the Public Health Commissioner's office establishment.

(ii) The Imperial Serologist and his office cost Rs. 62,900, but receipts exceed expenditure.

(iii) The cost of the part-time Chemical Examiner at Bombay, who is paid an allowance of Rs. 100 per mensem, is Rs. 1,720, out of which Rs. 720 is recovered from the Army as their share.

(iv) The following district medical staffs and medical activities are also maintained:—

(a) Two Civil Surgeons and two Assistant Surgeons at Simla at a cost of Rs. 56,500.

(b) A Civil and Military dispensary at Simla costing Rs. 29,100, out of which one-third is recovered from the Army.

(c) A Civil Surgeon and three Assistant Surgeons and some medical and other establishments on the North-East Frontier of Assam costing Rs. 31,800 plus Rs. 26,200 = Rs. 58,000.

(d) An Assistant Surgeon and establishment at Gwalior at a cost of Rs. 4,900.

(e) An X-Ray Institute at Simla costing Rs. 16,300. (The one at Dehra Dun is being closed down).

(f) All-India Medical Council, for which the 1931-32 provision is only Rs. 13,000 but which will require much more in the future.

(v) Apart from these, the main items of expenditure under "Medical Services" are grants-in-aid, viz.:—

(a) Dufferin Fund Rs. 3,70,000; (b) Hospital Aid Fund Rs. 2,000; (c) Indian Nursing Association Rs. 35,000; (d) Portmore Nursing Home, Simla, Rs. 5,000; (e) Lady Reading Hospital, Simla, Rs. 5,000; (f) Walker and Ripon Hospitals, Simla, Rs. 14,000 = Total Rs. 4,31,000.

(4) *Growth of expenditure.*—The total amount of this grant is Rs. 9,95,000. Without extensive adjustments it is not possible to give comparative figures to show the growth of expenditure.

(5) *Inchcape proposal.*—The Inchcape Committee recommended that the post of Public Health Commissioner should be abolished, his work being made over to the Director-General, Indian Medical Service, and that Medical and Public Health services should be amalgamated. At that time there were five officers in the Director-General's office and two in the Public Health Office;

the number of such officers in these offices in 1931-32 is seven in the Director General's section and one in the Public Health section of the office ; in fact there are six working in the former and two in the latter.

(6) *Main proposals.*—(i) We have carefully considered the question whether it is necessary to maintain the D. G., I. M. S. and his office. Since " Medical " is a transferred provincial subject, the D. G., I. M. S. and his office appear to us to be a survival of the pre-Reform régime. We hold that inter-provincial transfers of I. M. S. and I. M. D. officers in civil employ or the maintenance of confidential records or rolls at headquarters or the disposal of complicated " service " questions do not require a civil " head " of the medical services any more than in the case of any other All-India service operating largely in the major provinces. Co-ordination of the medical policies of the major provinces may, *per se*, be a desirable objective, but the existing constitution does not demand it, and so far as we are aware, the provinces do not ask for it ; nor indeed can India in her present financial condition afford to undertake it. We observe that in fact a large portion of the work relates to the Army. Medical stores, recruitment for the I. M. S. and the I. M. D., maintenance of the confidential records and rolls of officers in these services and other military affairs admittedly take up much of the time and attention of the Director-General and his office. It is only right that all such matters should be transferred to the Army Department. For recruitment in India of officers for the I. M. S. the services of the Public Service Commission should be fully utilised.

(ii) We agree that the Government of India need, and will continue to need, an officer to advise them on the medical administration of the central areas and give guidance on matters of medical policy in general. But for all such duties we hold that a single medical officer of sufficient standing and experience to function as a Deputy Secretary and to draw about a Deputy Secretary's pay should suffice. He may be designated Medical Adviser to the Government of India. His office should operate as a section of the Secretariat, and should also work jointly for the Public Health Adviser (*vide* paragraph 12).

(iii) In the absence of reliable knowledge of the amount of work which should be made over to the Army authorities the Committee can only make a rough division of the expenditure as follows :—

The extra cost to the civil secretariat would amount to about a lakh, about a lakh would be added to army estimates, and the remainder (about 1½ lakhs) of the present cost should be considered as savings. The pay of the existing staff should only be assimilated to secretariat rates of pay according to any future rates laid down for the Secretariat and not by present rates.

(7) *Other proposals.*—(i) The permanent superior medical staff at Simla consists of 2 Civil Surgeons at present. We consider that in future there should be only one ; another can move up and down with the Government of India. This arrangement will merely mean that during the winter Simla will have only one Civil Surgeon and not two. We further note that the Army does not pay a contribution towards the cost of the staff at Simla.

On our proposals even direct and immediate savings will be about Rs. 12,000 per annum. With a doubt on the part of one member we urge that the horse allowances drawn by the Civil Surgeons at Simla should be discontinued.

(ii) As regards the Serologist and his establishments we urge that unless a strong enough case is made out in favour of continuing the duty, house-rent and other allowances drawn by the Assistant Serologist and the Civil Assistant Surgeons, these should be discontinued.

(iii) The medical establishment at the Gwalior Residency appears to us unnecessary. We observe that all political agencies do not possess a medical establishment on the spot. We have not been able to examine the Foreign and Political Department on this question; our provisional view is that this establishment should be abandoned.

(iv) We observe that the actual cost of the Civil and Military Dispensary at Simla in 1929-30 was about Rs. 23,000; the 1931-32 estimate is Rs. 29,100. An attempt should be made to bring it down to the 1929-30 level.

(v) We note that as in the case in sub-para (i) the Army does not contribute towards the cost of the X-Ray Institute, Simla.

(vi) We further think that the medical budget for the North-East Frontier could be safely reduced by Rs. 5,000.

(vii) As regards the grants-in-aid aggregating 4.31 lakhs, we are generally speaking opposed to any serious reduction. But in view of the financial necessity we propose that they be reduced to 4 lakhs in the aggregate; we would, however, spread out the reduction over all the grants.

(viii) We do not recommend that the setting up of the All-India Medical Council be put off. But we propose that registration fees should be levied, and trust that the Council will shortly be in a position to pay its own way and cease to be a burden on central revenues.

(ix) We observe that an expenditure of Rs. 1,720 is incurred in Bombay. Now that there is a Customs laboratory at Bombay, which can perhaps be used for other purposes also, the need for incurring this expenditure should be examined. For the present we are leaving this possible saving out of account.

(8) *Summary.*—On our proposals the reduction of this grant will be 3.35 lakhs against which there will be an addition of 1 lakh to the Army estimates. The 1932-33 budget estimate should be reduced accordingly by 3.35 lakhs.

(B) GRANT NO. 58.—*Public Health.*

(9) *Organisation and activities.*—Under the present constitution Public Health, Sanitation and Vital Statistics are provincial transferred subjects, except for reservations as to legislation in respect of infectious and contagious diseases. In addition to expenditure on public health incurred in the minor administrations the Government of India incur expenditure on the following public health activities. They maintain at their headquarters a Public Health Commissioner (pay Rs. 2,500—3,000 + £13-6-8 O. P.). He is assisted by one of the Assistant Directors-General, Indian Medical Service, and has an establishment which forms part of the Director-General's office and for which 40 per cent. of the cost (=Rs. 68,800 in 1931-32) is debited to the Public Health estimates. He advises the Government of India on questions relating to

public health and represents them at international conferences. An important contemplated scheme of large recurring expenditure is the Hygiene Institute at Calcutta (a Rockefeller foundation). Another important central activity is in connection with port and air-port health and quarantine, deratisation of ships and the pilgrim traffic. The expenditure on the Central Research Institute at Kasauli is also borne on these estimates. Lastly, the Government of India's grants-in-aid to the Research Fund Association (7½ lakhs a year), to St. John's Ambulance Association (Rs. 5,000), and to the Pasteur Institute at Kasauli (Rs. 17,700) are also borne on these estimates. Broadly speaking, the expenditure on public health in the minor administrations is budgeted for in the grants relating to the " areas " concerned.

(10) *Present expenditure and its growth.*—The estimated expenditure in 1931-32 is Rs. 13,92,000. Out of this Rs. 1,11,200 (and if the pay of the Assistant Director-General, Indian Medical Service, who does public health work, be added, Rs. 1,36,400) plus Rs. 68,800 is accounted for by the Public Health Commissioner and his office, by the staff, establishment and other charges in connection with the Hygiene Institute, Calcutta, and by some vaccination staff in Assam. Port Health establishments cost Rs. 1,13,400, and charges in connection with the pilgrim traffic amount Rs. 11,200. The Government of India's contribution on account of the Port Health establishments at Calcutta and Chittagong amount to Rs. 71,600. (This contribution is on the half-and-half basis, the other half being borne by the Port Trusts concerned.) For the ports of Madras, Bombay, Karachi and Aden, the Central Government maintain their own establishments at a cost of Rs. 1,47,400. In the case of Madras some contributions amounting to Rs. 1,600 are also paid. In the case of Bombay there is a recovery of Rs. 46,300 from the Government of Bombay. The Kasauli Institute costs Rs. 2,09,700.

It is not easy to give comparative figures of the cost of Public Health without extensive adjustments. But the following few figures will help to show how expenditure has grown compared with 1913-14 :

—	1913-14.	1922-23.	1924-25.	1929-30.	1931-32.
	Rs.	Rs.	Rs.	Rs.	Rs.
" Administration " ..	93,916	1,39,000	..	1,14,749*	1,80,000†*
Kasauli	1,14,516	3,93,100	2,25,454	2,33,262	2,09,700
Port Health and epidemics. .	..	..	2,18,011	2,35,727	2,21,80)

*Plus about Rs. 25,000 for the pay of Assistant Director-General.

†The 1931-32 figure includes the cost of the staff appointed in connection with the Hygiene Institute, Calcutta; this cost amounts to Rs. 61,700.

(11) *All-India Hygiene Institute.*—It only remains to add that it is in contemplation to open the All-India Institute of Hygiene and Public Health at Calcutta at an annual cost of nearly 3½ lakhs as against a provision of Rs. 61,700 in the current budget. Apart from the normal increase of expenditure the central revenues have thus to be prepared for an increase of expenditure of over 2½ lakhs on account of this Institute in 1932.

(12) *Proposals*.—Our proposals for the reduction of expenditure are :—

- (i) One of the recommendations of the Inchcape Committee was that the post of Public Health Commissioner should be abolished. It held that India's representation at international conferences could be undertaken by a senior officer on leave or by a recently retired officer, an honorarium being given if necessary. We agree with that Committee's view regarding the feasibility of India being represented at international conferences in the manner proposed by it. Indeed we think it is now time that India was represented, not necessarily by officials but, whenever practicable, by suitable non-official or other experts acquainted with the specific problems coming up for discussion. The Government of India, however, require, and will continue to require, an officer to advise them on public health questions. But, we do not consider it necessary to maintain an officer of the present status of the Public Health Commissioner. A medical officer of sufficient standing and experience to function as a Deputy Secretary and to draw about a Deputy Secretary's pay with the designation of Health Adviser to the Government of India should, in our opinion, suffice for ordinary day-to-day work. (On individual questions the Government of India could consult the provincial Directors of Public Health). His establishment should, as is the case at present with the Educational Commissioner, form part of the staff of the department. If and when it is necessary to send him out of India on deputation, his work should be carried on by the Medical Adviser proposed by us in paragraph 6 (ii). Our proposal would result in a saving of about Rs. 7,500. Besides, there would be some saving on the abolition of the post of the Assistant Director-General, who is now assistant to the Public Health Commissioner. This would amount to Rs. 25,200. Total savings would be well over Rs. 32,000.
- (ii) Establishment matters are referred to in paragraph 6 (iii).
- (iii) We observe that port health, quarantine, pilgrim and similar work in connection with epidemic diseases is costing nearly 2½ lakhs. This should be brought down to 1½ lakhs, saving Rs. 46,800.
- (iv) We understand that Government having accepted the munificent gift of the Rockefeller foundation, the Institute of Hygiene and Public Health will have to be opened in due course. We are of opinion that its initial annual cost to Government should not be allowed to exceed 2 lakhs in the present financial stress. We have considered the proposed scales of pay and allowances for the staff of the Institute; to us they appear to be unduly liberal. A reconsideration of the contemplated rates of pay etc., before vested interests are created, should enable Government to effect the reduction proposed by us without seriously interfering with the proposed functions of the Institute.

(v) As regards grants-in-aid, the annual grant of 7½ lakhs to the Research Fund Association should, for the present, be reduced to 2½ lakhs. The Association has a large fund accumulated mainly from Government grants in the past. On this ground the Incharge Committee had also recommended the discontinuance of the grant. The fund which was 33½ lakhs then has now increased to 52.3 (face value) lakhs. Our proposal to reduce the grant to 2½ lakhs need not therefore lead to a very serious curtailment of the activities of the Association for some years.

(vi) In view of the fact that the Pasteur Institute, Kasauli, no longer receives the contribution which the Punjab Government used to make and that the Army Department contribution has also been withdrawn, we do not consider it desirable to reduce the Government of India's annual grant of Rs. 17,700. The annual grant of Rs. 5,000 to St. John's Ambulance Association may also be left intact.

(13) On our proposals the savings will be Rs. $.32 + .47 + 1.25 + 5.00 = 7.04$ lakhs of which 6.79 will be in the Public Health Grant and .25 in the Medical Services Grant. The 1932-33 budget should be framed accordingly.

CHAPTER XX.

GRANT No. 59.—AGRICULTURE.

GRANT No. 60.—IMPERIAL COUNCIL OF AGRICULTURAL RESEARCH DEPARTMENT.

GRANT No. 61.—CIVIL VETERINARY SERVICES.

Administration.

1. *Present organisation.*—As regards the grants for Agriculture, Civil Veterinary Services and the Imperial Council of Agricultural Research Department we have first of all to consider the existing arrangements in relation to central research. There is one self-contained 'department' (though on a miniature scale) in charge of the work relating to the Imperial Council of Agricultural Research. The Council was set up as a result of the Report of the Royal Commission on Indian Agriculture. Besides, the Department of Education, Health and Lands maintain an agriculture and veterinary section, mainly to deal with the two central research institutes at Pusa and Muktesar with their sub-stations. The Imperial Council of Agricultural Research Department has a Vice-Chairman (of the status of a Secretary to Government and paid at Rs. 4,000) assisted by a Secretary of the status of a Deputy Secretary to Government (pay on superior I. C. S. scale plus Rs. 400) and two Expert Advisers, one for agriculture and the other for animal husbandry (pay of each Rs. 2,500 to Rs. 2,750).

2. *Imperial Council.*—We see no reason to suggest any modification of the policy which led to the establishment of the Imperial Council for central research. We are also unanimously of opinion that Pusa and Muktesar should be placed under the control of the Imperial Council. We are further agreed that the services of the two Expert Advisers may be terminated. We observe that the two Central Research Institutes maintain all the necessary expert staffs and these can be utilised for such advice as Government might need. We therefore unanimously recommend the abolition of the two posts of Expert Advisers to the Imperial Council of Agricultural Research. (Also *vide* para. 11.)

3. *Proposals.*—On the question whether the Agriculture and Veterinary Section of the Department of Education, Health and Lands should be abolished and its work transferred to the Imperial Council of Agricultural Research department or *vice versa* this Sub-Committee favours the former alternative. Messrs. Nixon and Ramsay-Scott hold the opposite view on the ground that it will result in greater economy.

4. *Reasons.*—We hold that the considered policy of Government in setting up the Imperial Council of Agricultural Research department should be given a proper and adequate trial. A formal Government department is not as suitable an agency for controlling research as a body constituted on the lines of the Imperial Council. Under the present arrangements the Council does not directly control the two Central Research Institutes, *viz.*, Pusa and Muktesar; in our opinion it should do so. It would be manifestly anomalous that a body set up by Government for the express purpose of developing agricultural and allied research all over India (including such States as care to come into the arrangement) should be deprived of direct control over Government's own research institutes. The objection to Pusa and Muktesar being placed under

the Imperial Council of Agricultural Research Department on the ground that their Directors would thereby become, in effect at any rate, subordinate to the Expert Advisers of the Imperial Council appears to us to have no force. In fact, we have proposed the abolition of the posts of Experts. The Council, which has been rightly described as an instance of federalism in action, and which is in touch with all the Agricultural Research Institutions and their expert staffs is in the best position to advise Government with respect to Pusa and Muktesar. Nor, having in regard the responsibilities and constitution of the Council, is the Sub-Committee disposed to attach any weight to arguments based on an apprehension of 'jealousies' and 'suspicions', which in fact are unfounded. The Sub-Committee is convinced that circumstances and conditions have changed a good deal since the report of the Linlithgow Commission, and that its proposal is best calculated to promote the cause of agricultural research at the lowest cost.

5. The Sub-Committee, with the exception of the two members mentioned above, recommends that the Imperial Council of Agricultural Research Department should continue and that Pusa and Muktesar and their sub-stations should be placed under its administrative control.

GRANT No.—59.—AGRICULTURE.

6. *Pusa and its sub-stations.*—On the proposals for the reduction of expenditure on the Agricultural Research Institute at Pusa and its five sub-stations we are all unanimous.

The main Institute at Pusa and only one of its sub-stations, *viz.*, the sugar-cane station at Coimbatore should continue. The other sub-stations, *viz.*, the cattle-breeding farm at Karnal, the creamery at Anand and the animal husbandry institutes at Wellington and Bangalore are recent accretions. They were taken over from the Army at a cost of about Rs. 7,17,000 when the Army Department found that they had to lop off superfluities. None of them can be said to be engaged in research of a central character. If their accounts be critically examined in the light of the principles of commercial accounting they involve loss year by year, with the possible exception of the creamery at Anand. It has been claimed on behalf of the creamery that it has trained up men who have found little difficulty in securing private employment. Even if this claim be conceded, we must observe that such training is not a "central" subject. We understand that the Army Department will probably take back Wellington. Whether they do so or not, our unanimous recommendation is that these four sub-stations of Pusa should be disposed of, preferably to the local Governments concerned.

7. *Reorganisation and savings.*—Coming to Pusa and Coimbatore we observe that the Department of Education, Health and Lands have already under their consideration a scheme of reorganisation prepared by the present Director. He told us that the scheme proposes increased expenditure. The gross cost of Pusa and Coimbatore is 8.71 lakhs irrespective of the additional cost (*viz.*, Rs. 57,500) on account of estate and medical establishments. Our proposal is that even allowing for some increased expenditure as a result of the reorganisation the gross cost should be brought down by about a lakh; the Imperial Council of Agricultural Research Department should be given definitely to understand that these figures

must not be exceeded. Since a reorganisation scheme is already under Government's consideration, we do not propose to go into detail further than to suggest that the system of special pays to the staff should be critically scrutinised in accordance with the general principles which will be enunciated by us in our final report.

GRANT NO.—60.—IMPERIAL COUNCIL OF AGRICULTURAL RESEARCH DEPARTMENT.

8. *Functions and organisation.*—These have already been described in paragraph 1 above. The Sub-Committee, with the exception of two members, has already recommended that this Department should continue and that the Pusa and the Muktesar Institutes (with their sub-stations) should be placed under its administrative control. We need not here do more than indicate the economies which will result from our proposals.

9. *Vice-Chairman.*—We consider that the pay attached to the post of Vice-Chairman is excessive and we therefore would take the offer of the present Vice-Chairman to accept a salary of Rs. 3,000 from 1st April 1932, although he has made it clear that this is a voluntary offer personal to him. It will yield a saving of Rs. 12,000. Our colleague, Mr. Nixon, wishes to dissent from the principle of voluntary surrenders of pay.

10. *Secretary.*—As regards the Secretary, we recognise the force of the criticism that a small department like this does not require the services of two highly paid administrative officers. But during the period of reorganisation the training and experience of the present secretary will be needed. Our proposal therefore is that when his "tenure" expires (by which time the reorganisation will have been completed), he should be succeeded by a secretary of lower status. In our opinion an officer of the Agricultural Service of about 15 years' service should succeed him. He may be given the status of an Under- or Assistant Secretary to Government, *ex-officio*. We observe that though there is a post of an Assistant Secretary on Rs. 1,000—50—1,250, it has not been filled up. We recommend that this post should also be filled up; the first incumbent should be drawn from the Veterinary Service and should have about 11 years' standing in the service. We contemplate that the Assistant Secretary should in course of time succeed the Secretary and that one of them should belong to the Agricultural and the other to the Veterinary Service. This arrangement will enable the department to have two experts to advise the department on all the ordinary day-to-day problems relating to agricultural and veterinary research. On problems of some importance the department will take the advice of the Pusa and the Muktesar Institutes. The savings from this proposal will be the difference between the cost of the present Secretary and the cost of the Assistant Secretary proposed by us, *i.e.*, about Rs. 16,000 to Rs. 18,000 per annum.

11. *Expert Advisers.*—We are all agreed that these two posts should be abolished, and that the department should take such advice as it requires from the Pusa and Muktesar Institutes. In fact, our proposals above relating to the secretariat of this department are based on the assumption that the posts of the Expert Advisers will be abolished and that the new secretarial posts will be created only as vacancies occur among the two Expert Advisers. We

further propose that the present Expert Advisers should, if possible, be absorbed at Pusa and Muktesar respectively. The saving on their salaries etc., alone will be nearly Rs. 65,000.

12. *Establishment*.—As regards the establishment for this Department we consider that the present establishment strengthened by a further establishment costing about Rs. 32,000 (we understand from the Vice-Chairman that this would be just about half of the present cost of the Agriculture and Veterinary Section of the E. H. and L. Department) will suffice for the Imperial Council of Agricultural Research Department even when it takes over Pusa and Muktesar. We may in this connection observe that this department has not yet recruited the temporary establishment which was sanctioned with effect from the current financial year. We recommend that pending Government's decision on our proposals it should not be recruited.

13. *Other savings*.—In the course of his oral evidence the Vice-Chairman told us that he saw no objection to the permanent location of his department at Delhi. His view was that if the Vice-Chairman, Secretary, the Experts and some camp staff were to be allowed to move with the Government of India, it would be possible to carry on the work of the department and at the same time to remain in touch with the Government of India. This is one of the departments which we think should remain permanently at Delhi. This will yield a saving of Rs. 5,000 on the rent of the building at Simla in which the department is at present located and Rs. 10,000 on hill journey and other allowances. Besides, additional rents realised for the housing accommodation provided by Government at Delhi will yield about Rs. 5,000 to Rs. 6,000, but we leave this out of our calculation.

The provision for contingencies should be cut down from Rs. 18,900 to about Rs. 15,000. Savings about Rs. 4,000. If the department does not move between Delhi and Simla, it should not be difficult to effect this saving.

14. *Research grant*.—The annual research grant of 5 lakhs should for the present be reduced to 2½ lakhs a year. (As an alternative to this proposal, Mr. Nixon throws out the suggestion that "the whole grant for research should be held in abeyance for a couple of years, which would provide money for the Government to consider the scheme for the reorganisation of Pusa which the Director has formulated"). The provision of Rs. 10,000 for travelling allowances of the Governing Body and the Advisory Board should in future be charged to the budget of the Imperial Council and not to central revenues.

15. *Sugar Cable Service*.—We observe that the 1931-32 provision is Rs. 23,800. In our opinion this service should be maintained but on a genuinely self-supporting basis, which should include a certain percentage for its share of the overhead expenses on the department and the Council. The expenditure should be cut down to Rs. 20,000. Further, the Service should be budgeted for in the Council's own budget and not in the civil estimates of the Government of India.

16. *Council's own budget*.—Although the Imperial Council is a statutory body controlling its own budget, we think that Government should invite it to scrutinise its expenditure with a view to securing all possible economies.

17. *Summary*.—When effect is given to our proposals, this department's net budget for administration will be reduced from 2·76 to 1·28 lakhs (or, when the

deduction of about 10 on account of the present Vice-Chairman's pension, which is paid by the Madras Government, ceases to be operative, Rs. 1.38 lakhs). The provision of 24 lakh for the sugar cable service will disappear, and the research grant will be reduced to 2.5 lakhs. The total 1931-32 budget is 8 lakhs gross or 7.75 lakhs net; it will be reduced to 3.78 lakhs.

It will be seen that we have not proposed any reduction of the establishment except of the Expert Advisers' stenographers and peons. Were it not for our proposal that Pusa and Muktesar should be transferred to the control of this department, we should have proposed some reduction of establishments and a further reduction of the budget.

When Pusa and Muktesar are transferred to the control of this Department, there will be an additional expenditure of about Rs. 32,000 on account of extra staff. If, however, new staff is engaged, the additional expenditure will be less than Rs. 32,000. On the other hand, there will be a corresponding saving of approximately Rs. 68,300 (i.e., Rs. 64,000 on pay etc., and the rest on contingencies etc.) on the Agriculture and Veterinary Section of the Education, Health and Lands Department. We have omitted this from our calculation.

GRANT NO.—61.—CIVIL VETERINARY SERVICES.

18. *Explanation of the grant.*—Expenditure on these services is incurred in two parts, viz., (a) on the Muktesar and the Izatnagar branches of the Imperial Institute of Veterinary Research and on a small grant-in-aid, and (b) in the minor administrations. Under (a) the cost amounts to over 8 lakhs, but against this expenditure there are receipts of Rs. 9,27,500 (estimated). Grant No. 61 deals with (a), the expenditure under (b) being provided for in the respective "area" grants.

The Muktesar branch of the Institute is, broadly speaking, now concentrating on research and the Izatnagar branch on the manufacture of various prophylactic and specific sera and vaccines for animal diseases.

19. *Expenditure and receipts.*—These have been as follows (in lakhs):—

	1913-14.	1921-22.	1922-23.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
	Ra.	Ra.	Ra.	Ra.	Ra.	Ra.	Ra.	Ra.	Ra.	Ra.
Expenditure	2.03	7.06	7.60	8.00	8.59	8.92	7.29	7.78	8.33	8.27
Receipts ..	1.09	4.43	4.97	13.10	11.06	12.26	14.68	15.00	11.22	9.27
Profit or loss	-.94	-2.63	-2.63	+4.50	+4.47	+5.33	+7.40	+7.82	+3.90	+1.00

20. *Organisation.*—The Muktesar branch is in direct charge of a Director (on Rs. 2,000—2,250 plus O. P.). There is also the necessary technical staff for direction and also for the various sections of work at Muktesar, viz., Laboratories, Veterinary, Farm, Medical and Electrical. The Izatnagar branch is in the immediate charge of a Deputy Director who gets a special pay of Rs. 150. A Veterinary Deputy Superintendent and a Laboratory Assistant are also maintained at Izatnagar

Besides these officers, each branch has varying establishments.

21. *Control.*—The Institute is at present under the administrative control of the Education, Health and Lands Department. With the exception of two

of us we have already recommended that it should be placed under the administrative control of the Imperial Council of Agricultural Research Department (*vide* paragraphs 3 and 4).

22. *Proposed economies.*—We have scrutinised the budget carefully. We find that, generally speaking, the institute earns very substantial profits for the Central Government. In our opinion not only should this Central Research Institute continue to be maintained but its activities should not be curtailed. There appears to be some room for reorganisation, but we would leave that work to the administrative department in charge of the Institute. *Prima facie* and in the light of the evidence placed before us we have come to the conclusion that apart from the savings (which are all temporary) offered by the department, the following immediate reductions can and should be made, viz.:

(a) Reduction of the posts of temporary Veterinary Research Officer (Rs. 6,200) and of a Personal Assistant (Rs. 6,700)	Rs. 13,900
(b) Abolition of 10 establishment posts recently created	3,000
(c) Reduction of the provision for temporary staff	10,000
(d) Purchase of animals	10,000
(e) Supplies and Services (Rs. 5,000), Contingencies (Rs. 10,000) and English Stores (Rs. 15,000)	30,000
Total reduction of expenditure	66,900

We also propose that the decision to grant advance increments to the Engineer at Muktesar should be revised.

We further recommend that the grant of Rs. 3,000 per annum to the National Horse Breeding and Show Society should be discontinued. In our opinion animal-breeding and exhibition are essentially a provincial activity.

23. *Summary.*—The 1932-33 estimates under this grant should thus be reduced by Rs. 70,000.

CHAPTER XXI.

GRANT No. 62-B.—INDUSTRIES (INDIAN SCHOOL OF MINES, DEHRA DUN).

1. *Functions.*—The school was opened in December 1926 to provide “high-grade instruction in mining engineering and geology” with the object of “enabling Indians to qualify themselves for appointments in the Geological Survey, Survey of India and the Mines Department and to meet the growing needs of the mining industry for trained mine managers and geologists”.

Organisation.—The staff consists of (a) a Principal (pay Rs. 1,250—50—1,750, plus £30 O. P.), (b) four professors (pay Rs. 750—50—1,250, plus £300 O. P.; for Indians Rs. 1,000—50—1,500), and (c) two lecturers (pay Rs. 500—25—750). Establishment consists of 38 and the provision in 1931-32 is Rs. 47,300.

2. *Growth of expenditure.*—The grant for 1931-32 is Rs. 1,97,000, and estimated receipts are Rs. 16,300. The expenditure in each year since 1926-27 has been 1·89, 2·17, 2·45, 2·02, 2·06 and 1·97 lakhs respectively. (The last two figures are estimates.)

3. *Future of this school.*—We have carefully considered the question whether in view of the fact that fresh enrolment has been almost steadily declining the school should be suspended for a term of years or closed down. One of us—Mr. Nixon—was in favour of closing the school down for, say, 5 years on grounds of financial necessity. This proposal does not commend itself to any of the other members. In our opinion the school need not be run on the present unduly costly lines. We consider that the scales of pay are too liberal and should be brought down to levels corresponding to the scales generally in force for similar work in the educational institutions in India. In paragraph 6 we have stated that it should be possible to run the school for about one lakh (net).

In view, however, of the serious decline in fresh enrolment, we urge that Government should institute enquiries at an early date into the causes of such decline and to take such remedial action as may be practicable. If the enquiry discloses that genuine demand for the training, which the school provides, cannot be stimulated, other arrangements should be made for the recruitment in India of the staff required for the Mines Department and for the Geological Survey. As a last resort, students might be given scholarships for the study of mining abroad.

4. *Utilisation of Mines staff.*—We have considered the suggestion that on the analogy of the alleged practice in some European countries the school should be placed under the Mines Department and that the Chief Inspector of Mines should be appointed to work as Principal. It does not, however, appeal to us. But we are inclined to the opinion that Government should investigate the possibility of abolishing the post of Professor of Electrical and Mechanical Engineering and entrusting his teaching duties to the Electrical Inspector under the Mines Inspectorate. It seems to us that the theoretical teaching of electrical and mechanical engineering in a school of this type cannot be of such a character as to require the services of a whole-time Professor. We are not sure that a Lecturer is needed to teach English nor that a Lecturer for the teaching of French and German need be paid at the rate of Rs. 500—25—750.

5. *Other proposals for economy.*—Our other recommendations for economy are as below :—

- (i) Provision for travelling allowance should be reduced, as proposed by the Department, from Rs. 13,500 to Rs. 9,000.
- (ii) No fees should be payable to the staff of the school for the supervision of the admission examination nor for the certificate and the diploma examinations. Estimated savings Rs. 2,000.
- (iii) Apart from the terms of special contracts, no house-rent allowance should be paid to any member of the staff and rent should be charged according to the usual rules for residential accommodation supplied by Government. We cannot calculate the receipts.
- (iv) The provision for scholarships is Rs. 6,400. At present there are 37 scholarship holders out of a total enrolment of 70. The number of scholarships has not been reduced even though enrolment has gone down. In our opinion the number as well as the rates should be cut down so as to save at least Rs. 2,500.
- (v) The terms on which Government servants (for example of the Salt Department) are trained at Dhanbad should be revised. In our opinion all that Government need do in such cases is to provide the training free, but no travelling or other allowances or peons need be given.
- (vi) We have examined the list of establishments. Since the number of students has gone down, we consider that some reduction is possible by “doubling up” certain duties and giving some suitable work to the students themselves. In particular, we consider that the whole-time medical establishment is unnecessary. It will perhaps be sufficient to utilise the local medical establishment of the Bihar and Orissa Government or even a private practitioner by giving him a suitable allowance as is usually done in the case of educational institutions. We estimate a saving of Rs. 5,000 under this sub-head.
- (vii) The provision for Supplies and Services and Contingencies should be cut down to Rs. 10,000 and 20,000 respectively. Savings Rs. 9,600.

6. *Summary of savings.*—Under our proposals the immediate savings will be Rs. 23,600—about 12 per cent. of the 1931-32 gross budget. We have reason to believe that, when the school is reorganised on the lines suggested by us, it will be possible to run it at a net cost of approximately one lakh.

CHAPTER XXII.

GRANT No. 63—AVIATION.

1. *Explanation of the Grant.*—(i) *Analysis of present position.*—The total budget for Civil Aviation for 1931-32 may be set out as follows :—

	Rs.
	Lakhs.
Directorate etc.	2·27
Payments to Posts and Telegraphs Department for wireless	4·13
Grants to Clubs etc.	1·88
Works	13·00
English Stores	5·82
Karachi-Delhi Charter Service	3·69
Indian State Air Service	4·68
Scholarships	29
Other expenses	·02
Total	35·77

At least Rs. 11·80 lakhs under Works, Rs. 5·82 lakhs under English Stores (the cost of the aircraft for the Indian State Air Service, the order for which has already been placed), and Rs. 4·13 lakhs under the Indian State Air Service are of the character of capital expenditure. The department estimates that the figure of Rs. 4·13 lakhs for payments to the Posts and Telegraphs Department will, largely owing to delay in completing the programme, be reduced to Rs. 2·39 lakhs. Of the Rs. 13 lakhs for works, Rs. 6·22 lakhs (not yet incurred) are for ground lighting for an air service across India. The capital cost of this item is now put at about Rs. 5½ lakhs, but no provision apparently exists in the above figures for the maintenance of the ground lighting plan, which was estimated to amount to three-quarters of a lakh for a full year. Nor do the above figures take into account the increase in the meteorological budget due to aviation. The Department estimates that of the increase of Rs. 14·55 lakhs in the expenditure on Meteorology between 1924-25 and 1931-32 a sum of about Rs. 9·20 lakhs, in terms of average cost, can be ascribed to Civil Aviation. It appears to the Sub-Committee that a substantially large part of the increased expenditure under Meteorology would not have occurred had it not been for Aviation.

(ii) *Estimated future cost.*—Owing to the holding up of the final decision to go ahead with an Indian State Air Service some of the expenditure budgeted

for 1931-32 must inevitably lapse. If nothing had lapsed, the department anticipates the expenditure of future years as follows:—

(a) presuming the Indian State Air Mail Service from Karachi to Calcutta to be proceeded with:—

	1932-33.	1933-34.
Direct-rate etc.	2·90	3·05
Works	2·75	2·75
Air State Service	9·50	9·00
Grants to Clubs etc.	2·00	2·00
Wireless Service	4·10	4·10
Scholarships	·25	·25
Total	21·50	21·15
Less Revenue	2·00	3·00
Net total (Rs. lakhs)	19·50	18·15

Were the State Air Service to go on, the figure for 1932-33 would be increased by a part of the amount lapsing from 1931-32.

(b) for a restricted State Air Service from Karachi to Allahabad (which would involve the building of a hangar at Allahabad and the disposal of one of the aircraft):—

	Gross.	Revenue.	Net.
1932-33	20·31	1·75	18·56
1933-34	19·15	2·50	16·65

The figure for 1932-33 must be increased by some of the lapsed expenditure from 1931-32.

2. *Proposals.*—The Sub-Committee is unanimously of opinion that, subject to the conditions mentioned in the next paragraph, the scheme for the inauguration of an Indian State Air Service should not be proceeded with for the present. It is a new contemplated service and its holding in abeyance does not mean, as does retrenchment in other departments, a general dismissal of staff. India is not in a financial condition at present to be able to undertake new commitments of such a character as the proposed State Air Service, while proposals of vital importance to the country entailing considerable expenditure are under contemplation, e.g., an Indian Military College for all arms, a Reserve Bank and other measures necessitated by the inauguration of a new constitution.

3. *Conditions.*—The conditions upon which the Sub-Committee has unanimously agreed to propose that the contemplated State Air Service should be held in abeyance are that no non-Indian commercial concern should be allowed to be started as the Indian link in an east and west through air run. The Sub-Committee is generally of the view that it is unlikely that the Government of India in the present financial circumstances throughout the world, will be faced at any early date with the alternative of either instituting an Indian

State Air Service or of having to accept the establishment of a non-Indian controlled service. Should however such an issue arise at any stage, the Sub-Committee recommends that the Government of India should unhesitatingly adopt the former course and proceed with the institution of a State Air Service. But against pressure and threats from any powerful non-Indian commercial interest, the Sub-Committee considers that the Government of India, at the limit of withdrawing all their ground organisation and meteorological facilities (the latter up to the borders of Persia) are not without effective weapons.

4. "Maintenance" basis.—(a) The unanimous conclusion of the Sub-Committee therefore is that until India is financially in a position to institute her own State Air Service, or until she is finally forced into inaugurating it in the protection of her own national interest, the equipment for civil aviation in India should be put on to a merely "maintenance" basis. The aircraft should be disposed of on the best possible terms as it will be uneconomical to keep it and incur heavy costs for storage, insurance and maintenance, particularly as it will be obsolete in, at any rate, four years' time. The services of the manager should be dispensed with. The Government of India should, in the view of this Sub-Committee, inform her co-signatories of the International Air Convention that this is her policy, forced on her by financial circumstances. The co-operation of His Majesty's Government should be sought in support of this policy. The Government of India should also take such action in regard to the French and Dutch services at present crossing India as is compatible with this policy.

(b) *Its estimated cost.*—The department puts the annual cost of a "maintenance" condition at:—

	1932-33.	1933-34.
Direction, etc.	2-90	3-05
Works	2-00	2-00
Grants to Clubs etc.	2-00	2-00
Wireless Service	3-24	3-24
Scholarships	·25	·25
Total Rs. (lakhs)	10-39	10-54

The Sub-Committee considers, in view of the details given by the department for the item Works, that a grant of one lakh for this purpose should suffice, and further that in a time of financial distress a sum of Rs. 1-50 lakhs for grants to Clubs etc., should meet the situation. The Sub-Committee is also agreed that the financial condition of India will, if the State Air Service is not instituted, not permit of nor require such a high and growing charge for the item Directorate etc., as is suggested by the department. At the most it would recommend the provision of a sum of Rs. 1½ lakhs for this item. An officer of the status and rate of pay of the present Deputy Director should suffice to direct the activities of this department on the restricted scale proposed.

5. *Summary of savings.*—(a) The Sub-Committee would fix the total Civil Aviation budget for 1932-33 at Rs. 7½ lakhs. It contemplates that these measures would yield a saving of about Rs. 13 lakhs in the budget of the present year. As compared with the Karachi-Calcutta scheme there would be a saving of over Rs. 12 lakhs in 1932-33 and over Rs. 11 lakhs in the next and probably following years. Against the figures for the Karachi-Allahabad scheme the saving would amount in 1932-33 to Rs. 11½ lakhs and in 1933-34 to Rs. 9½ lakhs. The sale proceeds of the aircraft will be additional to these figures.

(b) The approximate details, so far as they can be deduced from the department's figures, of the savings are :—

	1931-32.	1932-33.		1933-34.	
		(a) Calcutta.	(b) Allahabad.	(a) Calcutta.	(b) Allahabad.
Directorate etc. .. ..	..	1.65	1.65	1.80	1.80
Wireless	1.74	.86	.86	.86	.86
Grants to Clubs etc. .. ..	..	.50	.50	.50	.50
Works	6.70	1.75	10.06	1.75	8.75
Indian State Air Service	4.28	9.50		9.00	
	12.72	14.26	13.07	13.91	11.91
Leas revenue .. ..	..	2.09	1.75	3.00	2.50
Net saving	12.72	12.26	11.32	10.91	9.41

CHAPTER XXIII.

GRANT No. 67.—EMIGRATION (EXTERNAL).

(1) *Organisation*.—The grant for 1931-32 is Rs. 2,60,000. The Government of India maintain agencies in South Africa, Ceylon and Malaya. The 1931-32 budget estimates for these are Rs. 1,10,000, Rs. 43,200 and Rs. 34,900 respectively. The Agent in South Africa is paid £2,500 per annum and a sumptuary allowance of £500 and a motor-car allowance of £200. He is assisted by a Secretary belonging to the I. C. S. There is also a small establishment of a Superintendent on £650, a typist on £150 and two messengers. In Ceylon the Agent belongs to the I. C. S. and has an Assistant and an establishment of 9. The Agent in Malaya belongs to the Madras Provincial Civil Service; he has a small establishment of 4. The Ceylon and Malaya Agents each gets a special pay of Rs. 300 and motor-car allowances of Rs. 1,200 and Rs. 2,700 respectively. In India itself the following staff is maintained, viz. (i) At Calcutta :—A Protector of Emigrants and Superintendent of Emigration with an establishment of 17. (ii) In Madras Presidency :—Protectors of Emigrants at Madras, Negapatam and Dhanushkodi, a special officer for South African repatriates and a Medical Inspector of Emigrants at Madras. Establishments consist of 19. Only the Protector at Dhanushkodi is now a whole-time officer. (iii) In Bombay Presidency :—A Protector of Emigrants with some establishment at Bombay and Karachi.

(2) *Proposals*.—We have carefully considered whether the three Agencies and the establishments in India need be maintained. Our unanimous opinion is that they must be kept. Hence, the only scope for the immediate reduction of expenditure is through minor economics. Our concrete proposals are :—

(i) The pay and allowances of the future incumbents of the post of the Agent in South Africa should be revised after the forthcoming negotiations with the South African Government are concluded. The status of the Agent's Secretary and of the Superintendent and their salaries should also be then revised. The provisions for travelling and other allowances and for contingencies should, however, be reduced from Rs. 18,000 and Rs. 18,300 to Rs. 15,000 and Rs. 15,000 respectively.

(ii) As regards Ceylon we observe that since 1927 the total figures of arrivals in and departures from Ceylon are going down year by year. The post of the Assistant Emigration Officer (Rs. 250—400) for which the 1931-32 provision is Rs. 3,500 should therefore be abolished. The establishment should be reduced so as to reduce its cost from Rs. 9,000 to Rs. 7,000, and the provision for contingencies should be brought down from Rs. 4,000 to Rs. 3,000. The Agent's motor-car allowance should be reduced from Rs. 1,200 to Rs. 600 per annum.

(iii) Our view is that the special pay of the Agent in Malaya should continue, but his motor-car allowance should be reduced from Rs. 2,700 to Rs. 1,200 per annum. The provision for temporary establishment should be brought down from Rs. 1,100 to Rs. 500 and that for 'other charges' from Rs. 14,500 to Rs. 12,000.

- (iv) As regards Bengal, we hold that action on the lines adopted or recommended by the Madras Government for their own province should be taken, and the post of Protector should be abolished, his work being made over to a Central Government's employee (*e.g.*, to a Port or Customs officer). Even if an allowance of say Rs. 75 per mensem be given, there will be reduction of expenditure from Rs. 5,400 to Rs. 4,500. The establishment of 17 should be cut down by 4 (2 clerks and 2 peons) so as to save Rs. 4,000, and the provision for other charges should be brought down from Rs. 5,200 to Rs. 4,500.
- (v) In Madras Presidency the part-time post of Protector at Madras has already been abolished and his duties made over to the Special Officer for South African repatriates, and the duties of the whole-time Protector at Negapatam have been made over to a Port Officer. We approve these measures. We observe that emigration to Malaya from Madras has practically ceased. On this ground as well as on that of economy we propose that the special pay of Rs. 100 per mensem to the Medical Inspector at Madras should be reduced to Rs. 50 per mensem. The cost of the establishments in Madras should be reduced by Rs. 2,000, the provision for travelling allowance and other allowances from Rs. 8,100 to Rs. 7,500 and for contingencies from Rs. 3,800 to Rs. 3,500.
- (vi) The only economies we propose for Bombay are the reductions of the cost of establishment from Rs. 3,400 to Rs. 2,600 (1929-30 actuals were Rs. 2,628) and of the provision for "other charges" from Rs. 300 to Rs. 250 (1929-30 actuals were Rs. 242).
- (3) *Summary of savings.*—On our proposals immediate savings with effect from the budget estimates for 1932-33 will be Rs. 40,450, or say Rs. 40,000=15½ per cent. of the 1931-32 grant.
-

CHAPTER XXIV.

GRANT NO. 69-A.—IMPERIAL LIBRARY.

(1) *Organisation*.—The budget grant for 1931-32 is Rs. 73,000. The Bengal Government contribute Rs. 20,000. Hence net cost to the Government of India is Rs. 53,000. The library is in charge of a Librarian on Rs. 750—50—1,250. The ministerial establishment consists of 15 at a cost of Rs. 23,200 and the menial establishment of 35 (sorters and servants) costs Rs. 9,400. There is also a temporary establishment estimated to cost Rs. 2,500.

(2) *Growth of expenditure*.—Expenditure has grown as shown below :—

	1913-14.	1924-25.	1929-30.	1931-32.
	Ra.	Ra.	Ra.	Ra.
Total expenditure .. .. .	..	61,436	78,610	73,000
Government of India's expenditure ..	40,000	41,436	56,710	53,000

The growth of expenditure since 1924-25 is on the pay of establishments and on allowances and other expenses. In 1924-25 the Librarian's scale of pay was Rs. 1,000—1,500. Even though it was reduced to Rs. 758—50—1,250 in 1929-30, we are of opinion that the present scale is too high and should be reduced.

(3) *Proposals*.—The Department of Education, Health and Lands have offered savings amounting to Rs. 14,500, but some of these are apparently not permanent. We think it should be possible to reduce expenditure by about Rs. 16,500. The abolition of the temporary appointment of an *ex-officio* Secretary to the Council of the Imperial Library effects a reduction of Rs. 2,400. It should be possible to save Rs. 5,000 under establishments including Rs. 2,500 for the temporary establishment. The provision for the purchase of books etc., may be reduced from Rs. 14,500 to Rs. 8,000, that for travelling allowance from Rs. 3,000 to, at the most, Rs. 840, and that for contingencies by about Rs. 500. Considering that in 1929-30 travelling allowances, rent and contingencies actually cost Rs. 7,956, the 1931-32 provision of Rs. 10,000 appears to us to be an over-estimate; under our proposals it will be reduced to Rs. 7,540. On these lines total permanent reduction will be Rs. 16,560. We propose that the 1932-33 budget should be reduced from Rs. 73,000 to Rs. 56,500.

GRANT NO. 69-F.—INDIAN WAR MEMORIAL.

(1) *Organisation*.—The Indian War Memorial is a museum of war trophies maintained in the Fort at Delhi by the Department of Education, Health and Lands. The establishment consists of one Curator on Rs. 300—350 and six servants. Of the total estimated expenditure of Rs. 7,100, establishment accounts for Rs. 5,300 and other charges for Rs. 1,800. In 1929-30 the Memorial cost Rs. 6,056.

(2) *Proposal*.—In our opinion, the establishment is excessive and is unduly costly. In particular, the Curator's pay Rs. 300—350 appears to us to be too liberal. Our recommendation is that the collection should be handed over to the Chief Commissioner of Delhi and the grant should be reduced from Rs. 7,100 to Rs. 2,000; saving Rs. 5,100.

CHAPTER XXV.

GRANT NO. 69-C.—EXPLOSIVES.

1. *Functions and organisation.*—The Explosives Department is maintained for the administration of the law relating to explosives and petroleum.

The staff consists of (i) a Chief Inspector on Rs. 1,450—100—2,000 *plus* overseas pay. (The present Chief Inspector gets a special pay of Rs. 200 per mensem since 1st April 1931), (ii) two Inspectors (one on Rs. 700—50—800 and the other on Rs. 350—800) and two temporary Inspectors (one on Rs. 450 and the other on Rs. 350). Establishments (13 ministerial and 10 servants) cost Rs. 24,000. In 1924-25 the establishment was 8 ministerial and 8 servants.

2. *Growth of expenditure.*—Expenditure has grown as below :—

	1913-14.	1924-25.	1929-30.	1931-32.
	Rs.	Rs.	Rs.	Rs.
Pay of Officers	} 83,000	47,830	35,955	50,700
Pay of establishment		17,150	19,638	24,000
Travelling allowance		31,400	24,378	31,500
Gross expenditure	83,000	95,081	86,297	1,12,000

3. *Proposals.*—In the case of a small Department like this with statutory duties to perform all over the country the scope for retrenchment is limited. But, if advantage is taken of certain favourable circumstances, it is possible to effect an appreciable reduction of expenditure. Our proposals are :—

- (i) The present Chief Inspector will have completed 55 years of age on the 4th of November 1931. We recommend that one of the Inspectors should be sent abroad for training in explosives and, if found suitable, should be promoted as Chief Inspector on a considerably lower scale of pay than the present one.
- (ii) The provision for travelling allowance should be reduced from Rs. 31,500 to Rs. 20,000.
- (iii) The number of clerks should be reduced from 13 to 10 (*i.e.*, to two more than in 1924-25) and of servants from 10 to 8.
- (iv) We observe that the present Chief Inspector as well as his predecessor were on a personal scale of pay and were also given a special pay. We urge that special concessions like personal scales of pay and additional special or personal pay should not be granted.
- (v) We further note that at present the services of the officers of this department can be secured without payment. There is therefore a natural tendency to requisition them somewhat freely. The only practicable way of checking such a tendency is to frame rules for the appearance of the officers of this department to give evidence in law courts and to charge suitable fees.
- (vi) Government should see that the two temporary posts of Inspectors are not made permanent on the mere ground of increased work.

(vii) We have scrutinised the grounds for the grant of house-rent allowances to the staff of this department, and have found them unconvincing. The mere fact that an officer uses a portion of his house as his office room when he has no *real* office should not entitle him to a house-rent allowance outside the regular scheme for house-rent allowances. We, therefore, recommend that this concession should be abrogated.

(viii) We consider it practicable to reduce the work of this department by leaving much more to be done by the agency of the provincial magistracy and police. This is one of the grounds on which we have reduced the provision for travelling allowances.

4. On our proposals, the savings will be about Rs. 25,000. The 1932-33 budget should be reduced to Rs. 85,000. When our proposals are given full effect, the budget should come down to Rs. 75,000.

CHAPTER XXVI.

GRANT NO. 69-I—BROADCASTING.

1. *Expenditure.*—The 1931-32 budget estimates (total Rs. 2·96 lakhs) for allowances at headquarters and for the broadcasting stations at Calcutta and Bombay are Rs. 5,000, Rs. 1,39,000 and Rs. 1,52,000 respectively. Receipts of Rs. 1,35,000 have been estimated for 1931-32. In 1930-31 the receipts were Rs. 1,47,268 and the expenditure was Rs. 2,72,965; there was thus a loss of Rs. 1,25,697.

2. *Organisation.*—The Calcutta station has a Director on Rs. 1,000 p. m. and the establishment costing Rs. 36,000 consists of a programme director, engineers, clerks and servants. There is a provision of Rs. 41,200 for the artists who perform for the broadcasting service. Supplies and services cost Rs. 26,800 and contingencies Rs. 21,000.

The Bombay station has a Director on Rs. 600 per mensem and an establishment consisting of a programme director, engineers, clerks and servants costing Rs. 31,400. There is a provision of Rs. 44,000 for the artists and of Rs. 5,100 for travelling and other allowances. Supplies and services cost Rs. 34,500 and contingencies Rs. 29,800.

3. *Proposals.*—The Government of India paid 3 lakhs for the two stations and their equipment and undertook this service as an experimental measure for two years. We are aware that that period is not yet over. We have also taken into consideration the fact that stockists of radio goods will suffer and some private radio installations will, to some extent, be rendered useless, if the service is shut down completely.

We concede that there is some force in the argument that broadcasting has its uses, but we see no early prospect of its becoming a self-supporting service. At present it involves a net loss of about 1½ lakhs. Our conclusion therefore is that it should be closed down. As regards the disposal of the two stations at Calcutta and Bombay a suggestion was made that the plant, machinery, apparatus and other similar equipment might be stored and a small establishment estimated to cost Rs. 700 p. a. might be entertained to look after them. We cannot accept this suggestion, for we fear that these are likely to get out of date very soon. Our proposal therefore is that they should be sold outright for what they can fetch.

ABDUR RAHIM.

RAM SARAN DAS.

S. C. MITRA.

M. SHAH NAWAZ.

HAR BILAS SARDA.

J. RAMSAY SCOTT.

J. RAMSAY SCOTT (for K. B.
Hafiz Wilayatullah)

J. C. NIXON.

(As regards the late Mr. K. C. Roy's views para. 24 on page 10 may be seen.)

Dated 16th September 1931.

Simla.

S. P. SHAH,
Secretary.

Summary of immediate reduction of expenditure (with effect from the 1932-33 budget) resulting from the proposals in Chapters II to XXVI of this Report.

Serial No.	Chapter number and name of grant.	Grant No.	1929-30 Actuals, (Lakhs).	1931-32 Budget, (Lakhs).	Immediate reduction, (Lakhs.)	Remarks regarding the proposed reduction.
1	II. Taxes on Income ..	17	70.35	75.87	7.00	There will also be additional revenue of 50 lakhs from the proposal in paragraph 4 (iv).
2	III. Stamps	20	.00	— .08	NB	
3	IV. Forest	21	10.16	11.30	6.61	
4	V. Executive Council ..	28	5.37	5.79	NB	
5	VI. Bureau of Public Information.	32-B	1.57	1.41	.40	
6	VII. Intelligence Bureau ..	32-C	11.68	7.11	.47	Plus a substantial reduction in the grant of 2.60 lakhs for Secret Service Contingencies. Amount of reduction cannot be estimated.
7	VIII. Central Board of Revenue.	41	3.23	3.07	.63	
8	IX. Police	45	1.98	1.99	.30	
9	X. Survey of India	48	40.27	41.50	27.50	
10	XI. Meteorology	49	12.90	21.48	5.98	
11	XII. Geological Survey ..	50	5.68	5.69	3.55	
12	XIII. Botanical Survey ..	51	2.75	2.98	1.31	
13	XIV. Zoological Survey ..	52	3.03	3.30	1.70	
14	XV. Archaeology	53	16.12	16.01	5.28	The reduction will be 5.50 when the Epigraphist retires.
15	XVI. Mines	54	2.51	2.63	.44	
16	XVII. Other Scientific Departments.	55	5.18	3.24	.05	
17	XVIII. Education	56	8.44	16.87(1)	6.38	About 27 is still provisional. 6 lakhs (non-recurring grant) would have gone out in any case.
18	XIX. Medical Services ..	57	10.52	9.95	3.25	There will be an addition of 1 lakh to Army Estimates.
19	Public Health	58	15.26	13.92	5.58	1.38 more will have to be added to 1932-33 budget for the Hygiene Institute (in place of 3½ lakhs proposed by the Department).
20	XX. Agriculture	59	15.86	15.37	6.91	Some receipts also would be lost when the sub-stations are given up.
21	Imperial Council of Agriculture Research.	60	16.55	8.00	4.22*	.24 on account of sugar cable service receipts will also be lost.
22	Civil Veterinary Services	61	7.79	8.30	.67	
23	XXI. Industries	62	2.07	1.97	.24	
24	XXII. Aviation	63	17.64	25.77(2)	26.53	
25	XXIII. Emigration—(External).	67	2.40	3.60	.40	
26	XXIV. Imperial Library.	69-A	.57	.53	.17	
27	Indian War Memorial	69-F	.06	.07	.05	
28	XXV. Explosives	69-C	.86	1.12	.25	
29	XXVI. Broadcasting ..	69-I	NB	2.96	2.96	About 1½ lakhs receipts will go. Sale proceeds of stations and equipment cannot be calculated.
	Total		289.64	221.77	121.21	

* When Pusa and Muktesar are taken over there will be additional expenditure; it will be off-set by savings in E. H. and L. Department larger than the additional expenditure.

(1) Includes non-recurring grants of 6 lakhs each to Benares and Allahgarh.

(2) Includes 4.19 lakhs shown in High Commissioner's and Secretary of State's budget.

RÉPORT
(INTERIM)
OF THE
GENERAL PURPOSES SUB-COMMITTEE
OF THE
RETRENCHMENT ADVISORY COMMITTEE

DECEMBER 1931

PART II.



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CONSTITUTION AND TERMS OF REFERENCE OF THE SUB-COMMITTEE.

The General Purposes Sub-Committee was charged with—

- (i) the review of all central expenditure except that on the Army, the Posts and Telegraphs Department, the Railways, Civil Works, Audit and Accounts, Stationery and Printing and the Indian Stores Department. (Other Sub-Committees were set up for the purpose of reviewing the public expenditure on these excepted items.)
- (ii) consideration of, and co-ordination of, the proposals made by the other Sub-Committees relating to the pay and allowances of Government servants.

Constitution.—The Sub-Committee was constituted as below :—

- (1) Sir ABDUR RAHIM, K.C.S.I., Kt., M.L.A., (Chairman).
 - (2) The Hon'ble Rai Bahadur Lala RAM SARAN DAS, C.I.E., Member.
 - (3) Mr. RANGASWAMY AYANGAR, "
 - (4) Mr. S. C. MITRA, M.L.A., "
 - (5) Mian Muhammad SHAH NAWAZ, C.I.E., M.L.A., "
 - (6) Mr. K. C. ROY, C.I.E., M.L.A., "
 - 7) Rai Sahib HAE BILAS SABDA, M.L.A., "
 - (8) Mr. RAMSAY SCOTT, M.L.A., "
 - (9) Khan Bahadur Hafiz WILAYAT ULLAH, I.S.O., M.L.A., "
 - (10) Mr. J. C. NIXON, I.C.S. (representing the Finance Department),
Member.
- Mr. S. P. SHAH, I.C.S. (up to 7th June 1931 Mr. W. R. TENNANT,
I.C.S.), Secretary.

Reference—

"To make recommendations to the Committee* for effecting forthwith or by stages all possible reductions in the public expenditure of the Government of India under review of the Sub-Committee, having regard especially to the present and prospective position of the revenue. In so far as questions of policy are concerned, these will be left for the exclusive consideration of the Government, but it will be open to the Sub-Committee to review the expenditure and to indicate the economies which can be effected if particular policies are either adopted, abandoned or modified."

* i.e., to the Retrenchment Advisory Committee.

CHAPTER I.

GENERAL OBSERVATIONS.

(1) *Expenditure Surveyed.*—The General Purposes Sub-Committee has the honour to present its second interim report in which the following grants showing a total expenditure of Rs. 32,43,54,000, of which Rs. 13,70,26,000 is voted and Rs. 18,73,28,000 non-voted, have been dealt with. Of these, Rs. 24,12,39,000 represent grants under Interest heads, Pensions and Refunds, leaving a total of Rs. 8,31,16,000 with respect to which possibilities of economy have been considered. (These figures include 39·43 lakhs for the Nasik Presses.)

16—Customs ; 18—Salt ; 19—Opium ; 25 and 26—Debt Services ; 27—Staff, etc. of the Governor-General ; 29—Council of State ; 30—Legislative Assembly and Legislative Assembly Department ; 32-A—Home Department ; 32-D.—Reforms Office ; 33—Public Service Commission ; 34—Legislative Department ; 35—Department of Education, Health and Lands including the Office of the Keeper of Records ; 36—Finance Department (Ordinary Branch) ; 38—Commerce Department ; 40—Department of Industries and Labour ; 42—Payments to Provincial Governments for the administration of Agency Subjects ; 44—Administration of Justice ; 46—Ports and Pilotage ; 47—Lighthouses and Lightships ; 64—Commercial Intelligence and Statistics ; 65—Census ; 66—Emigration—Internal ; 68—Joint Stock Companies ; 69—Miscellaneous Departments—Examinations, Office of the Controller of Patents and Designs, Actuary, Bushire Coal Depot, Courts of Enquiry and Boards of Conciliation ; 71—Currency ; 72—Mint ; 74—Superannuation Allowances and Pensions ; 76—Miscellaneous—Allowances and Rewards, Books and Periodicals, Charitable Donations and European Vagrancy, Tariff Board and other special commissions and committees of enquiry, Compensations, Rents, Rates and Taxes on central buildings, Grants-in-aid, Local Clearing Office, Indian Soldiers' Board, Indian Delegation to the League of Nations, International Labour Conference, Other miscellaneous and unforeseen charges, Institute for Disabled Soldiers, Other miscellaneous charges ; 77—Refunds ; 80—Delhi ; 82—Andamans ; 86—Expenditure under the control of the Secretary of State ; 87—Expenditure under the control of the High Commissioner ; Ecclesiastical (non-voted).

We sat from the 5th October 1931 to 29th October 1931 and examined 30 representatives of the Secretariat and heads of the Departments, also Sir Chunilal V. Mehta and Mr. B. Dass, Member of the Legislative Assembly. For the details of the sittings see Appendix I (page 15.)

In our first report our attention was mainly concentrated on a number of specific activities and projects of the Education, Health and Lands and the Industries and Labour departments. In this report, in addition to certain undertakings of the Government of India, we had to survey the general features of various administrative organs of Government, their constitution and interrelation and the channels and processes through which Government business is conducted. We have also considered the means that exist of controlling expenditure both in the Government and in the Legislative Assembly and have suggested certain improvements in this connection.

(2) *Statement of financial position by the Hon'ble Finance Member.*—Since the first report was issued, the Hon'ble the Finance Member has made an important statement on the financial position in introducing a bill in the Legislative Assembly to supplement the Indian Finance Act, 1931. In it he has given us a detailed and up-to-date picture of the gravity of the situation and the direction

in which it is drifting. He has told us that the deficit in 1931-32 and 1932-33 has been estimated to reach the appalling figure of 39 crores and 5 lakhs. There has been a serious fall under every head of customs revenue and in the income-tax revenue, in addition to heavy losses in commercial undertakings of Government, in extraordinary receipts and under financial headings. He further says that there is no justification for expecting any large improvement in the budgetary position next year and that in fact income-tax revenue may be considerably less than in the current year. He states "I feel that Hon'ble Members are entitled to ask for this (meaning a more definite and detailed reduction in expenditure) and that we have no justification in putting plans for taxation before them except under the most solemn pledge of effecting the maximum reduction of expenditure. I feel no hesitation in taking this line because it is the right line in the public interest. Any improvement that we can effect by way of reduction of expenditure is a certain improvement but any improvement that we seek to make by increasing taxation depends entirely on our estimate being realised and in the present conditions with reduced purchasing power and when the effects of the reduced gold value of the rupee on imports are still unknown, estimates, particularly of customs revenue, are to say the least highly uncertain". This is a frank and clear statement of the fundamental truth of public finance particularly applicable to the present conditions and correctly expresses the conviction which has underlain all our proposals. In dealing with the retrenchment proposals contained in our first report showing a saving of 1,21 lakhs out of a budget of 3,21 lakhs he accepted the figure (subject to further examination by Government), reduced by a margin of 20 lakhs, representing what he estimated as the charge for compensations and recurrent pensions payable in respect of officials whose posts are abolished, reckoning thus to get a net saving of about a crore on this part of the field. With respect to the remainder of the field now surveyed by us and presumably also the Foreign and Political Department and the "minor" administrations of North West Frontier Province, Baluchistan and Ajmer-Merwara which we have not yet dealt with, he gave a provisional estimate of a net saving of 90 lakhs. But he added, that if the General Purposes Sub-Committee find economies of greater extent than his own estimate so much the better. We do not know, for he has not told us, on what data this estimate of the Finance Department is based. But in this report which still excludes the expenditure under the control of the Foreign and Political Department we have found on a survey of the entire administrative arrangement of the Government and a close examination of its official establishments and procedure of business that economies of a much larger extent are possible in the demands which we have hitherto been able to explore.

(3) *Principles followed* :—We may here state that in making these proposals we have been guided by the same principles that we applied in dealing with other departments examined in our first report. We have proceeded strictly on the basis of the present constitution as indeed required by the implication of our terms of reference though not in so many words. At the same time we have not disregarded the warning of the Finance Member that there is a great deal of additional expenditure ahead of us in connection with the Round Table Conference and the subsidiary commissions and committees of enquiry and schemes like the proposed Reserve Bank.

(4) *Present constitution and administrative arrangements*.—In order that our proposals may be understood in their true significance, it is necessary that we should bear in mind the general features of the present constitution and the nature of the administrative machinery with its component parts. The Government of India is a subordinate government, the paramount control of its policy and of the entire Indian administration being vested in the British

Parliament and exercised by the Secretary of State for India at Whitehall. Some of the functions of the Secretary of State were delegated to a High Commissioner in London first appointed in 1920-21. The budget of the Secretary of State and his Council and office establishment under administrative heads was £295,168 immediately before the office of the High Commissioner was created, i.e., in the year 1919-20. His gross budget now (i.e., for 1931-32) is £220,125 not taking into account his salary which is borne by the British Budget and the High Commissioner's gross budget is £189,675.

This shows in the total an increase in expenditure in London of £114,632 within the last eleven years.

The chief features of the evolution of the government in India are well-known. In addition to the two older presidencies of Madras and Bombay, fully equipped and self-administering provincial governments have been established for the rest of India, excepting the frontier areas of the North West and Baluchistan and the smaller areas of Ajmer-Merwara and the Andamans. Provincial governments have come into being either by detachment of certain areas from the Central Government or by separation from the larger provinces and this process of decentralisation is still at work. The Central Government, however, retains powers of general control and supervision over the policy and administration of all local Governments with the exception of subjects popularly known as "transferred".

By the Reforms of 1921 which opened a new chapter in the constitutional development of India the important subjects of Education, Medical and Health, Agriculture, Local Self-Government, Public Works, Provincial Finance and provincial services, and in some provinces Forests and Irrigation were transferred to the charge of Ministers responsible to the respective Legislatures. *Prima facie* these transfers should imply a very considerable relief to the Central budget. But we have shown in the first interim report that contrary to the spirit of the Government of India Act expensive establishments are still maintained in connection with some of these transferred subjects necessarily swelling its expenditure.

The Local Governments themselves through Executive Councils presided over by the Governor with full secretarial and departmental staff at the headquarters and extensive administrative and executive establishment in the districts, sub-divisions and other units of district administration administer the "reserved" subjects. It is therefore the general situation in the country and important questions affecting the good government of India as a whole which lie within the province of Government of India in the exercise of its powers of control and supervision over the administration of the provinces.

The main subjects that are centrally administered are All-India Finance, the Central Revenues, Army, Foreign relations, Political agencies, legislation affecting the whole of India, "minor" administrations (*viz.*, the North West Frontier Province, Baluchistan, Delhi Province, Ajmer-Merwara and the Andamans), Commerce, Railways, Posts and Telegraphs and Labour. In the Central Government are also vested the residuary powers. The administrative arrangements within the Government of India itself have been developing along similar lines. The tendency throughout has been towards decentralisation of work through 'departments', 'attached offices', subordinate offices fully equipped with their staffs. They work under six different divisions of the secretariat each in the charge of a Member of the Viceroy's Council.

(5) *Growth of Expenditure.*—The following table will show the growth of expenditure in different divisions of the secretariat and in the departments and 'attached' and 'subordinate' offices as manifested in the respective budgets of 1913-14 (a pre-war and normal year), 1921-22 (shortly after the Reforms when

the Inchcape Retrenchment Committee was appointed under financial stress somewhat similar to the present, though not so acute), 1924-25 (when the effects of the economy proposals of the Inchcape Committee would be expected to appear in the budget) and 1931-32 (the present financial year). Details under each head with explanations are given in Appendix II (pages 16-21).

	1913-14.	1921-22.	1924-25.	1931-32.
Expenditure accounted for on behalf of the—				
Commerce Department	40.84	61.42	63.63	83.64
Department of E., H. & L. . . .	68.13	1,46.51	1,18.92	1,62.52
Finance Department.	4,64.78	6,30.75	5,83.01	7,29.35
F. & P. Department	4,07.07	4,89.12	5,49.43	6,52.76
Army Department.	29,88.26	59,59.16	59,73.20	56,64.18
Legislative Department and Legislative Assembly Department.	3.98	14.85	13.67	15.35
Industries & Labour Department .	7,12.34	13,13.34	12,63.43	16,81.17
Home Department	56.69	1,08.59	1,05.93	1,67.23
	47,42.09	87,23.74	86,71.21	91,46.20

(6) *Commissions and Committees.*—In addition, however, to the Secretariat and the various permanent departments and offices a great deal of the business of the Government of India is transacted through Commissions and Committees of enquiry. We give in appendix III (pages 22-27) a list showing the various Commissions and Committees that were appointed since 1921. Their total cost amounts (in lakhs) to Rs. 1,43.07 as shown below :—

1921	10.59
1922	3.27
1923	23.77
1924	9.77
1925	9.15
1926	19.07
1927	20.08
1928	11.51
1929	29.48
1930	2.67
1931	3.71
	<u>1,43.07</u>

The above figures tell their own tale.

(7) *Government departments and non-official agencies.*—Now let us take a bird's eye-view of the various official and non-official agencies maintained at present in this country for the discharge of Government of India's responsibilities. For securing the support of the people in their financial and their legislative proposals and for ascertaining public opinion on the administration, the Government act mainly through the central legislature namely the Assembly and Council of State. The Legislative Department (a purely official body and distinct from the Assembly and the Assembly Department) with the Law Member in charge drafts bills for all departments of Government, interprets for them Statutes, Regulations and Rules, gives opinion on the legal questions that arise from day to day—having recourse for this purpose in specially

important or difficult matters to the Advocate General of Bengal and the Standing Counsel to the Government of India. The Department also administers the establishment of the Council of State. In all questions involving prolonged enquiries, Government, as already stated, avail themselves of commissions and committees of enquiry specially appointed for the purpose.

The official agencies of Government in addition to the Secretariat proper are, as mentioned above, allocated in different departments each in the charge of a Member of the Viceroy's Executive Council.

In the *Home Department* we have the following fully-equipped and self-contained offices :

The Public Service Commission (to help Government in the administration of all-India services in matters of recruitment, discipline, determination of domicile for the purposes of *Lee concessions*, questions relating to promotion and the like), the Bureau of Public Information (to collect and supply information to Government as to the trend of public opinion and to do publicity work on its behalf), the Intelligence Bureau otherwise popularly known as the Criminal Intelligence Department (which collects information for and advises Government in dealing with all-India problems relating to law and order and the effects thereon of political activities).

In the *Commerce Department* the Tariff Board makes enquiries and submits its recommendations in connection with fiscal proposals, the Commercial Intelligence and Statistics Department is entrusted with work of the nature indicated by its title and the Nautical Adviser and the Chief Surveyor along with the Chief Inspector of Lighthouses and Lightships advise Government with respect to shipping matters. The Actuary is in charge of Insurance and other actuarial work. The Railway Board with its own Financial Commissioner administers all State Railways, also under the Commerce Member.

The *Industries and Labour Department* has the Director General and his staff in charge of Posts and Telegraphs. A Chief Engineer and his staff administer the Public Works Department and similarly the Geological Survey, Mines, Dhanbad School of Mines, Meteorology, Civil Aviation and the Indian Stores Department are each administered by separate directorates and administrative officers.

In the *Education, Health and Lands Department* the main portion of the work relating to Medical, Health, Education and Agriculture has been transferred under the Government of India Act of 1919 to the charge of Ministers in the provinces. But for dealing with such aspects of the work for which the Central Government makes itself responsible, we have the Director General of Indian Medical Service, the Public Health Commissioner, the Educational Commissioner, the Imperial Council of Agricultural Research and the Agriculture and Veterinary Experts. The department has also charge of the Survey of India, Archaeology, Botanical Survey, Zoological Survey, Forests, Emigration, various Research Institutes and other Scientific Departments each with its own separate staff and a departmental head.

The *Finance Department's* ancillary offices are : The Military Financial Adviser for Military Finance, the Financial Commissioner for Railways, and the Financial Adviser for Posts and Telegraphs, with their staffs, to advise the Honourable Finance Member with respect to their respective subjects. The Central Board of Revenue administers the revenue-collecting departments of Government (Customs, Taxes on Income, Salt, Opium and Stamps) and advises Government on revenue matters generally. The Accounts and Audit offices, the Controller of the Currency, the Masters of Mint, the Nasik Security Printing and Currency Note Presses have complete administrative staffs of their own.

In matters relating to Exchange, Currency, Mint, Public Debt, administration of Government securities and other kindred matters, the Finance Member receives information and advice among other sources from the Controller of Currency and the Imperial Bank of India. For preparing the Budget there is a responsible Budget Officer with the necessary establishment. The Finance Department proper, viz., the Secretariat which is called the Ordinary Branch has in addition to the above departments and offices the following sections :— Finance and Accounts, Expenditure Branches I and II and the Schedule Branch for controlling expenditure, the Regulations Branches I and II for interpreting the C. S. R. and Fundamental Rules, the Cash Branch and the General Branch.

The problem with which we are specially concerned in the present enquiry relates principally to the growth of official staff with consequential increase in expenditure under the heads of pay, pensions, various forms of allowances, the cost of certain privileges and concessions, contingencies and supplies and services. Much of the increased expenditure is due either to the creation of ancillary departments and offices or to gradual expansion of those that already existed as will be seen from the history of the grants under their respective heads. One would have naturally expected that with extensive devolution of Government of India's responsibilities to local Governments on the one hand and the creation or expansion of subsidiary and subordinate offices under the Secretariat on the other, the work of the Central Government in the Secretariat proper would, in the first place, be considerably lightened. But it will appear from the budgets of the various sections of the Secretariat that their expenditure also has in most cases gone on increasing, in some more than in the others.

New Services.—The following are instances of new services which have^e been undertaken by the Central Government since 1921 for which large and^d expensive staffs and in many cases with highly paid directorates have beenⁿ separately provided :—

Grant.	New service.	Budget provision, 1931-32. (In lakhs).	Remarks.*
17—Taxes on Income.	Centralisation of income-tax administration.	71·18 (approximate).	See Appendix II which shows that the cost of collection through provincial agency was 4·69.
21—Forest . . .	Training of probationers for the Indian Forest Service.	·73 (approximate).	Part II, Chap. XXI, para. (III).
37—Separation of Accounts from Audit.	Institution of experimental offices in the United Provinces and N. W. F. P. and for certain central departments in connection with the scheme for the separation of accounts from audit.	Figures not separately available.	The total extra cost of the scheme is proposed to be saved under orders of the Finance Department.
42—Audit . . .	Establishment of a Commercial Audit Branch.	Figures not separately available.	This has been dealt with by the Public Works and Audit and Accounts Departments Retrenchment Sub-committee.

* The numerals refer to the chapters and paragraphs of this report in which reductions have been proposed by this Sub-Committee.

Grant.	New service.	Budget provision, 1931-32. (In lakhs.)	Remarks.
46—Ports and Pilotage.	(i) Institution of the training ship 'Dufferin' for the training of Indians for the Indian Mercantile Marine.	2.38	Part II, Chap. VIII, para. 8 (c) (ii).
47—Lighthouses & Lightships.	(ii) Centralisation of the administration of shipping and navigation and of lighthouses and lightships.	Figures not separately available.	Part II, Chap. VIII, para. 8.
49—Meteorology	Provision of meteorological facilities in connection with civil aviation.	9.20 (estimated).	Part I, Chap. XI, para. 5.
60—Imperial Council of Agricultural Research.	Agricultural Research	8.00	Part I, Chap. XX, para. 17.
62—Industries	Indian School of Mines, Dhanbad.	1.97	Part I, Chap. XXI, para. 6.
63—Aviation	Development of civil aviation.	35.77	Part I, Chap. XXII, para. 5.
67—Emigration—External.	Appointment of Agent in South Africa.	1.10	Part I, Chap. XXIII, para. 3.
69—Miscellaneous Depts.	Broadcasting	2.96	Part I, Chap. XXIV, para. 3.
76—Miscellaneous	Tariff Board	2.32	Part II, Chap. XVI, para. 12.
80—Andamans	Reclamation of swamps	3.23.	Part II, Chap. XVIII, para. 7(x).
W. I. S. Agency (non-voted).	Assumption by the Government of India of direct relations with the States in Western India.	11.00 (approximate).	This shows the increased expenditure caused by the creation of this Agency.

(9) *New offices.*—In connection with the work formerly performed in the Secretariat itself, expensive new offices with highly paid officers in charge have also recently come into existence, some instances of which are given below :—

Grant.	New offices.	Budget provision, 1931-32. (In lakhs).	Remarks.*
30—Legislative Assembly & L. A. Department.	L. A. Department	4.17	Part II, Chap. VI, para. 5, page 60.
32—Home Department.	Reforms Office	2.34	Part II, Chap. VI, para. 5, page 64.
32—Home Department.	Bureau of Public Information.	1.39	Part I, Chap. VI, para. 4.
33—Public Service Commission.	Public Service Commission.	3.66	Part II, Chap. VI, para. 6, page 69.
41—Central Board of Revenue.	Central Board of Revenue.	3.07	Part I, Chap. VIII, paras. 5 and 6.
87—High Commissioner.	High Commissioner's Office.	75.11*	Part II, Chap. IX, paras. 9 and 10.
70—Indian Stores Department.	Indian Stores Department.	8.32 (net)	This is being dealt with by the Stores and Stationery and Printing Sub-Committee.

*Includes miscellaneous expenditure as well, viz., leave salaries and agency items amounting to Rs. 41.32 lakhs.

(10) *To what extent is increased expenditure due to the development of a democratic form of Government?*—It is said generally that a substantial portion increased expenditure is due to the development of a democratic form of government taking the place of pure bureaucracy. Let us analyse the facts in this connection. The central Legislature and their departmental establishments with a total budget of Rs. 10·14 lakhs (the Legislative Assembly Department's budget is Rs. 4·17, the Legislative Assembly's budget is 4·12, and the Council of State's budget accounts for the growth of expenditure in the Legislative Department which administers it to the extent of about Rs. 1·85) must be entirely attributed to this source. We must also add under this head the increase in the number of commissions and committees of enquiry which within the last ten years cost the central revenues Rs. 1·43 lakhs. Further there can be no doubt that the activities of the Legislature have to some extent added to the work of most of the Government departments and the Secretariat in collecting information in order to enable Government to answer the interpellations of honourable members and to deal with resolutions and private bills.

But the real and effective cause of the growth of expenditure in so far as it is attributable to the introduction of popular voice in the administration is the dual character of the system leading to a conflict of outlook and interests. As a result of the Reforms there are two systems at work, each pulling its own way. It is perhaps the natural tendency of all centres of power to increase their own strength. We must not therefore wonder if the official Government tries more and more to fortify its position by as many lines of defence as possible. The popular voice on the other hand strives to assert its own authority on the administration. One signal outcome of the position is to be seen in successive concessions to the popular demand in the shape of commissions and committees of enquiry whose reports ultimately find their way into the official crucible. There has been yet another incentive to the growth of expenditure in the cry for Indianisation of the administration which in more than one instance has, we are persuaded, led to the creation of new posts. For instance the Railway Board consisted of four members in the year 1929 when an additional member—a statutory Indian—was appointed. It would be possible to add other instances.

(11) *New activities.*—A part of the increased expenditure is due to the Government of India having undertaken certain new activities. In our first report we recommended that new activities like the State Air Service and Broadcasting should be kept in abeyance until the financial situation improves and that the expenditure on certain other activities should be considerably curtailed either because in course of time their spheres of operation have become substantially narrowed or because of the development of certain institutions such as the Universities which can take up the work at less cost with perhaps better results, and in the cases of some departments on the general ground that they are over-staffed, for example, the Survey of India, the Geological Survey, Botanical Survey, the Forest Institute at Dehra Dun. The Tariff Board which has been dealt with in this report came into existence as a result of the fiscal policy adopted by Government on the recommendation of the Fiscal Commission.

(12) *Main problem before the Committee.*—Our main problem, however, is concerned with the continuous increase in expenditure in the Central Government caused by an overgrowth of staff. There can be no doubt that much of this growth is due to the establishment of separate ancillary departments and offices but since most of them have come into existence recently, we have, in order to avoid causing undue disturbance of existing arrangements, refrained

from recommending their merger in the Secretariat, although we believe that such a course would result in substantial reduction of the staff. We have, on the other hand, proposed reduction of the staff both in these subsidiary offices and the Secretariat proper and we also suggest that each case should be carefully watched with a view to see whether some of the headquarters establishments could not be amalgamated with the Secretariat with resulting economy. The present arrangements in so far as they lead to considerable duplication of work, as in our opinion they undoubtedly do, must be suitably modified in the interests of economy and also because they must lead in most cases to a loss of real efficiency. We have come to the conclusion that the only practicable solution of the position, however, largely depends on how far the Government and the Secretariat are prepared to change their attitude towards the ancillary departments and offices and the directorates of the latter towards their officers and assistants, both of which classes, we note, are educationally well equipped and undoubtedly very well paid. To take one instance, each of the revenue-collecting establishments of the Government of India is in the charge of a responsible and experienced officer assisted by junior officers of a good status—in many cases belonging to the I. C. S., and at the headquarters, in addition to the Secretariat proper, there is a Central Board of Revenue for purposes of supervision and control. As if these two sets of supervising and controlling agency over the local administration and executive staff were not enough, we find in the Salt department another intermediary—the Commissioner, Northern India Salt Revenue Department. We have accordingly recommended the abolition of his office. We are convinced that supervision and co-ordination is generally very much over-done in the Government of India. What is clearly needed is greater reliance on the sense of responsibility of the various units of administration. This view of the position is confirmed by such an eminent body as the members of the Public Service Commission in their replies to our questionnaires. They say:—“ In most matters of importance with which the Public Service Commission deal it appears to them, as far as they can ascertain, that after the matter has been most elaborately considered by the five members of the Commission it is considered, *ab initio*, in the Government offices.” This one sentence describes briefly but conclusively the evil of the present system. The distinguished Chairman of the Commission, Sir Ross Barker, cited cases before us in support of the above statement. The Commission also told us that Government of India do not sufficiently utilise their services and that in fact they could do much more work than what is actually entrusted to them.

Similarly we find that in practice enough use is not made of the results of the labours of non-official commissions and committees of enquiry. Here again the respective departments feel themselves bound to subject to ‘elaborate and detailed examination’—to quote the very words of the memorandum of the Industries and Labour Department—the reports of these commissions and committees so that further considerable expenditure of public time and money is caused by a reconsideration of the very subject by officials of the Secretariat who have not the same opportunities nor in many cases the qualifications for dealing with it. There are now the reports of two such important bodies, the Labour Commission and the Banking Enquiry Committee before Government and according to the usual procedure it is naturally expected that additional staff would be requisitioned in order to deal with them. If one bears in mind the distinguished personnel of these two commissions, the time and labour they devoted to their task, the number of witnesses they examined, the Governments and the officers they consulted, the places they had to visit in connection with their enquiries and the amount of money which these enquiries cost to the country, it cannot be difficult to realise how indefensible

is the attitude and procedure which is ordinarily adopted by Government in these matters. If Government on the other hand confined themselves, in such cases, to the examination of the recommendations from the point of view of well-established policies and their political and financial effects, there would be a considerable saving in time and public expenditure.

In short, the proposals for economy which we have made can be easily carried out if Government treated their own subsidiary departments and officers and non-official bodies like commissions and committees of enquiry and also the legislature as so many responsible parts of Government and not as more or less extraneous and irresponsible bodies, the result of whose activities must in every case be scrutinised with a jealous and suspicious eye.

(13) *Organisation of the Secretariat.*—The Secretariat is not only overstuffed but the multiplicity of nomenclatures and official designations that prevail is apt to be misleading and to create confusion. We have for instance in the "officers" list, 'Secretary', 'Additional Secretary', 'Joint Secretary', 'Deputy Secretary', 'Additional Deputy Secretary', 'Assistant Secretary', and 'Superintendents'. We have proposed that the normal officers' staff should consist of one secretary, one deputy secretary and one under-secretary and the establishment should be in charge of a Registrar, while the ministerial work in connection with 'cases' will be under the disciplinary supervision of assistants in charge of distinct groups. Assistants should note direct to officers. The posts of assistant secretaries and of superintendents who are promoted assistants should as a rule be done away with. The secretary, assisted by a deputy secretary, will help the Hon'ble Member in dealing with all important questions of policy and the political and financial effects of departmental proposals. In some special cases we have proposed an additional deputy secretary. We are convinced that in many departments there is too much noting. That should be reduced to the minimum. Routine cases, as far as possible, should not be allowed to occupy the time of officers. The under-secretary, if he is a junior officer, should only deal with the less important cases under the guidance of the deputy secretary or the secretary. We also wish to make it quite clear that except in cases where the posts of secretary or deputy secretary have been reserved by Statute for members of the I. C. S. all the others should be open to members of the other services and to assistants, if found fit. We have proposed a small extra remuneration for the assistants who will be placed in charge of sections. The above arrangements will be found entirely feasible, if the practice which now exists to a very limited extent, for heads of certain subsidiary departments and offices to submit cases direct to the Honourable Member in charge, be largely extended. We do not believe that this would result in decisions of Government being based on a narrower point of view and we are clearly of the opinion that no mere Secretariat etiquette or technicalities should be allowed to stand in the way of considerably modifying the procedure in the direction we have indicated.

We have recommended considerable retrenchment of the staff but we may add that if we had the time and the opportunity to examine still more closely the details of administrative arrangements at the headquarters and more particularly the establishments maintained in the provinces such as of the Customs, Income-tax, Salt and Ports and Pilotage, we believe we would have been in a position to recommend even larger economies. We are further of opinion that, if necessary, office hours may be extended in appropriate cases.

(14) In our first Report we recommended the withdrawal of the Lee concessions excepting those in the form of increased salaries which, pending consideration of the general question relating to pay and allowances, would be subjected, as proposed by us, to percentage cuts. We were unable then to show the cost of these concessions but we are now informed that it amounts altogether to Rs. 52 lakhs, the share of the Central Government being 14 or 15 lakhs. We hold that having regard to the present state of the country's finances Government should retrench this item of expenditure whatever justification did or did not exist for it at the time the Lee Commission made their recommendations. This will mean a saving of Rs. 14 or 15 lakhs in the central budget.

We may observe here that real justification for growth of expenditure in a government should be sought in the increased wealth of the country and contentment of the people, but no such justification can be claimed in view of the falling revenues in spite of increased taxation in all forms and ever-growing political troubles due largely to economic distress and unemployment among various sections of the population.

(15) *Ecclesiastical expenditure.*—We have proposed that the Ecclesiastical establishments, which cost altogether over Rs. 32 lakhs, should not be a charge on the Indian revenues. The maintenance of an established Christian Church in this country is in our opinion a violation of religious neutrality which is the cornerstone of the policy of British régime in India. A portion of this budget provides for spiritual ministrations to the British Army but how much exactly, the Commerce Department, which is in charge of the subject, could not tell us. It is not within our province to examine the need for providing for the services of clergy and chaplains for the Christian population generally or for the British Army in India and the General Purposes Sub-Committee would indeed be loath to stand against any class of people living in India receiving religious ministrations. But we had no hesitation in holding that the Indian revenues should not be burdened with the maintenance of an established Christian Church. In India there are very zealous and worthy missionary bodies of all denominations throughout the land and we entertain no doubt that they would be glad to take charge of the necessary religious services to all Christians employed in the Civil or Military departments of Government. Further, there is no reason whatever why the Christian population in India, permanent or temporary, should not like the others make their own provision for the satisfaction of their religious and spiritual needs. State-maintained established churches have, we believe, disappeared from practically the whole of Europe and America and the British Colonies and from parts of Britain itself. It is an anomaly that India of all countries should be made to maintain an established Anglican Church. We are told that some Moulvis and Granthis are maintained in the Indian Army establishments, but we entertain no doubt that retrenchment of these insignificant items of expenditure would in no way be objected to by the people if the Indian budget were relieved of the extremely heavy expenditure on the ecclesiastical establishments.

It has been suggested that since the East India Company confirmed many grants of revenue-free land in favour of Muhammadan and Hindu religious establishments, the maintenance of Christian ecclesiastical establishments is not a breach of religious neutrality. This argument is based on an entire misreading of history. In the first place the grants referred to were mostly confirmed by the Company either as the Diwan or Chief Revenue Officers of the Mughal Rulers of the day or from purely political considerations and it is

a fantastic travesty of facts to suggest that they did so in anticipation of the Government that followed establishing a Christian Ecclesiastical service to be maintained out of Indian revenues. This is made still clearer by the fact that the British Government in India which subsequently took over charge of certain Muhammadan and Hindu pious endowments for purposes of better management was soon afterwards compelled by the pressure of Christian sentiment in England not to associate itself with non-Christian institutions. Further, the grants of revenue-free lands by way of Inams or Jagirs or Maafis were in fact made in most cases to certain holy fakirs and sannyasis for their monasteries and not for the maintenance of Muhammadan or Hindu ecclesiastical establishments properly so called.

It has also been said that our proposal that the revenues of the Central Government should not be charged with the expenditure on Ecclesiastical establishments is not within the purview of a retrenchment committee. The contention amounts to this that though we can properly recommend 'reduction' of expenditure to any extent that may be justified, we are not at liberty to recommend abolition of a certain head of expenditure altogether, however opposed it may be to any established policy of Government. Such an argument would only be tenable if the maximum proportion or quantum of reduction had been laid down by the terms of reference but no such limitation has, in fact, been imposed. On the other hand, we have recommended the total abolition of expenditure on certain activities and these recommendations have been accepted by Government, even though such activities were in no way opposed to any policy of Government, e.g., Broadcasting, the Indian State Air Service.

We would, however, make an exception in the case of the grant amounting to about Rs. 1.33 lakhs for Christian cemeteries, because we think that India should be responsible for providing the last resting place for those who die in this country while in her service.

Mr. Ramsay Scott would confine his statement of the case to the following proposition :—

“That the maintenance of the ecclesiastical establishments by the Government of India is inconsistent with the accepted and avowed policy of religious neutrality and non-discrimination in favour of any creed.”

(16) *Further action by Government.*—We have already expressed our belief that there is room for still further reducing the expenditure of Government by curtailment of the staff and by reorganisation and we have in some specific cases recommended that Government should not be satisfied with the proposals that we have been able to make within the time at our disposal but should make supplementary enquiries. We should also note that as in most of the departments dealt with in our first interim report so in almost every department and office surveyed by us in the present enquiry the salaries and allowances are much in excess of what India can afford to pay. But we have made no definite proposals on the subject as it is a matter which will be the subject of a special enquiry.

(17) *Form of Estimates.*—We have mentioned in our first report that we are not satisfied with the way the “Detailed Estimates and Demands for Grants” is framed. We have again with respect to the grants examined in the present report encountered difficulties in ascertaining from the Detailed Estimates and Demands for Grants what exactly is the nature and amount of expenditure under certain heads. Nowhere in the Estimates and Demands for Grants could we find information relating to the cost of the concessions and privileges in the form of increased pay, passages for officers and their families, and other similar

items included in what are known as the Lee concessions. Similarly it is impossible to ascertain what is the actual cost of free residential accommodation provided for certain classes of officers. We also see no justification for the gross expenditure of the Nasik Security Printing and Currency Note Presses, which amounts to Rs. 39·43 lakhs, not being shown in the Detailed Estimates and Demands for Grants. We have further noticed that in more than one instance the receipts are not shown. We have also evidence that in some cases the figures given are not altogether reliable, for instance, the estimate for Civil Aviation.

(18) *Financial control.*—Although in our questionnaire (question No. 6) we asked for a full statement regarding the system of financial control over expenditure, it was not supplied to us by the Finance Department. A non-official body like ours, not possessing sufficient inside knowledge of the financial administration, was naturally handicapped, in the absence of a proper memorandum from the department, in eliciting by oral examination of its representatives all the information necessary to enable us to arrive at a satisfactory conclusion on the very important question whether the control of the Finance Department over the expenditure of the Government of India is or is not adequate and efficient.

On such data, however, as were available, our survey of the expenditure so far reviewed has convinced us that the financial control of the Finance Department needs to be considerably strengthened. The considerable increase in expenditure, which has taken place since effect was given to the recommendations of the Inchcape Retrenchment Committee, is in itself ample evidence to show that there has been laxity of control. Much greater vigilance is required on the part of the Finance Department to prevent any growth of expenditure. Any growth in revenue should not, in our opinion, be permitted to result in increased expenditure. Such increase in revenue, as may accrue, must be devoted to reducing the burden of taxation.

Although there are three sections (Expenditure Branches I and II and the Schedule Branch) in the Finance Department in addition to such provision as exists in each department for the examination of new proposals in their financial aspects, we are not satisfied that the control over such expenditure is sufficiently vigilant. Nor are we satisfied that the Standing Finance Committee supplies the necessary amount of check, probably owing to the fact that it does not get an accurate picture of the general financial position when the new proposals are submitted to its scrutiny. We suggest that the normal expenditure having been brought down to a level which would leave a reasonable surplus in the hands of Government even in times of depression such as these, proposals entailing additional expenditure should only be entertained when careful revenue estimates admit of such additions. We are perfectly conscious that the present financial stress is in some measure due to factors which could not have been, and were not in fact, foreseen by any country. At the same time, we are not satisfied that the present budgetary position has not been at least substantially brought about by preventable causes.

There is another factor which contributes to the growth of expenditure without reference to the revenue position. The Secretary of State being the final authority for the disposal of revenues of British India can and does enter into commitments without the approval of the Government of India, who have to handle the revenues and who are in the best position to know what moneys they have got available. The grant of Lee concessions, which, it is a matter of common knowledge, were forced upon the Government of India, is a case in point.

(19) *Appreciation of the Staff's work.*—We once again express our appreciation of the services rendered to the Sub-Committee by our Secretary, Mr. S. P. Shah, I.C.S., whose energy and enthusiasm has greatly lightened our work. Our thanks are also due to the Assistant (Mr. N. N. Singh), the stenographer (Mr. Gur Bakhsh Singh), the clerk (Mr. S. M. Badrud-Din) and the Assembly reporters, who had to work very hard throughout the sittings of the General Purposes Sub-Committee.

(20) *Summary of savings.*—We give below a table showing the effect of our proposals under various heads but it must be borne in mind that it was not possible to make exact calculations in a few cases.

Summary of immediate reduction of expenditure (with effect from the 1932-33 budget) resulting from the recommendations made in Part II of the Report.

Serial No.	Chapter number and name of grant.	Grant No.	1929-30	1931-32	Reduction	Remarks on the reductions or additional revenues proposed. Other remarks appear as foot-notes.
			Grant (Actuals). Lakhs.	Grant (Budget). Lakhs.	proposed. Lakhs.	
1	II. Customs . . .	16	96.17	96.44	16.00	
2	III. Salt . . .	18	127.05	124.12	12.00	
3	IV. Opium . . .	19	48.81	73.63	2.21	
4	V. Security and Note Presses, Nasik. . .	..	..	..	..	Also additional revenue of .11 lakh. Some other savings cannot be calculated. Savings proposed amount to 1½ lakhs, <i>vide</i> Summary.
	VI. General Administration. . .	..	..	..	..	Army Department and Military Finance have both been excluded from consideration.
5	(1) G. G.'s staff, household, etc.	27	14.31	15.26	1.68	Only about .40 is a genuine permanent saving.
6	(2) Council of State . . .	29	1.53	1.55	.65	
7	(3) Legislative Assembly and Legislative Assembly Department.	30	7.36	8.29	.41	Saving will be .70 when the Deputy Secretary's post is abolished.
8	(4) Home Department . . .	32	6.07	6.02	1.52	
9	(5) Reforms Office . . .	32-D	..	2.34	.70	
10	(6) Public Service Commission.	33	3.62	3.66*	1.36	Additional receipts of Rs. 2,500.
11	(7) Legislative Department including Solicitor's branch.	34	5.29	5.51	1.24	Includes a saving of .26 in the Solicitor's branch.
12	(8) E., H. & L. Department including the Records Office.	35	7.76	8.18	2.25	Includes a saving of .24 in the Records Office.
13	(9) Finance Department (O. B.).	36	6.47	7.44	1.71	Military Finance left out.
14	(10) Commerce Department.	38	3.94	4.83	.98	
15	(11) I. & L. Department.	40	5.94	6.53	1.90	
16	(12) Delhi-Simla move . . .	..	..	5.79†	2.48	
17	(13) Payments to Local Governments for "agency" work.	42	2.58	2.30	Nil	
18	VII. Administration of Justice.	44	.53	.55	Nil	
19	VIII. (1) Ports . . .	} 46	9.61	11.92	1.50	There should be additional revenue of about 4½ lakhs. An extra provision of one lakh will be needed in 1932-33.
20	Pilotage . . .						12.87	14.24	3.87

*Plus .64 under grant No. 69-B.—Examinations, savings on which are .14.

†The 1931-32 provision for the Delhi-Simla move is already included in the 1931-32 provisions for the departments and attached offices. Many but not all of these provisions have been shown in this column. The provision has not been included in the total.

Serial No.	Chapter number and name of grant.	Grant No.	1929-30	1931-32	Reduction proposed.	Remarks on the reductions or additional revenues proposed. Other remarks appear as foot-notes.
			Grant (Actuals). Lakhs.	Grant (Budget). Lakhs.		
21	(2) Lighthouses and Lightships.	47	13.88	12.98	.25	Plus some other savings. But we leave the entire savings out of account.
22	IX. Commercial Intelligence, etc.	64	3.21	5.81	2.76	An additional saving of .10 when Milan office is opened. Also see remarks against Serial No. 49.
23	X. Census	65	.27	33.89	24.14	The reduction is automatic.
24	XI. Emigration—Internal.	66	.43	.47	.16	
25	XII. Joint Stock Companies.	68	1.29	1.43	.09	
	XIII. Miscellaneous Departments.	69	..	..	..	Total saving in these portions of grant No. 69 is .26 lakh on the 1931-32 provision of 1.88 lakhs.
26	(1) Examinations .	69-B	.56	.69	.14	
27	(2) Patents and Designs.	69-D	.90	.98	.11	
28	(3) Actuary	69-E	.33	.21	.01	
29	(4) Bushire Coal Dept.	69-G	..	.02	Nil	
30	(5) Courts of Enquiry, etc.	69-I	.07	.005	Nil	
31	XIV. Currency . . .	71	44.18	50.25	3.30	Plus some other savings.
32	XV. Mint	72	29.35	27.72	2.50	Plus some other savings and also a saving of .09 in the near future.
	XVI. Miscellaneous .	76	..	..	..	Total saving in grant No. 76 is 2.46 lakhs on the 1931-32 budget provision of 35.11 lakhs.
33	(1) Allowances and Rewards.	76-A	.23	.32	.07	
34	(2) Books and Periodicals.	76-B	.74	.81	.16	
35	(3) Donations and Vagrancy.	76-C	.14	.15	Nil	
36	(4) Tariff Board . . .	76-D	2.24	2.32	1.00	
37	(5) Other Committees and Commissions of enquiry.	76-D	16.22	1.08	Nil	Savings likely to accrue cannot be estimated.
38	(6) Compensations . .	76-E	25.52	25.52	Nil	
39	(7) Rents, etc. . . .	76-F	2.13	2.14	Nil	There will be some savings, but they cannot be estimated.
40	(8) Grants-in-aid . . .	76-G	.55	.56	.18	On the Victoria Memorial.
41	(9) Local Clearing Office.	76-H	.19	.19	.18	Extra expenditure on one clerk accounted for under Legislative Department.

Serial No.	Chapter, number and name of grant.	Grant No.	1929-30	1931-32	Reduction	Remarks on the reductions or additional revenues proposed. Other remarks appear as foot notes.
			Grant (Actuals). Lakhs.	Grant (Budget). Lakhs.	proposed. Lakhs.	
42	(16) Indian Soldiers' Board.	76-I	·13	·15	·05	So far as civil estimates are concerned saving will be ·15.
43	(11) Miscellaneous and unforeseen charges.	76-J	12·45	·96	·45	
44	(12) Institute for Disabled soldiers.	76-K	·87	·25	·25	
45	(13) Other Miscellaneous charges.	76-K				
46	XVII. Delhi	80	44·06	47·06*	6·05	
47	XVIII. Andamans	82	46·35	42·22†	9·40	Includes automatic saving of 3·23 lakhs "on works".
48	XIX. Secretary of State.	86	36·24	34·77	8·00	Plus such saving as may be effected in India's contribution to the League of Nations.
49	High Commissioner	87	92·13	75·14‡	10·78	There will be an addition of about ·40 to expenditure when Milan office is opened. When Stores Department is re-organised, there will be an additional saving of about five lakhs.
50	XX.—Ecclesiastical— Non-voted		31·63§	32·71||	31·11	Include savings in minor administrations, etc.
Total			780·05	791·73	153·82	

Summary.—On our proposals the reduction of expenditure will be 153·82, or if the deterioration at Nasik is also taken into consideration, 153·57 lakhs. (In 1932-33 an extra lakh will be needed by Commerce Department.) To this 153·57 lakhs may be added about 15 lakhs on account of the present cost of Lee concessions (now specifically estimated by the Finance Department) to the civil estimates of the Government of India. From this 168·57, the saving of about ·25 on grant No. 47 should be excluded, since the saving does not affect the central Government's expenditure but the *pro forma* accounts of the Lighthouses and Lightships Fund.

It should also be borne in mind that of the savings proposed above the following are automatic, *viz.*, 1·50 under Pilotage, 24·14 under Census and 3·23 under Works (Andamans).

*Including expenditure provided for in other grants, the Delhi grant is 104·81 lakhs.

†Including expenditure provided for in other grants, the Andamans grant is 45·73 lakhs.

‡Includes 40·01 for leave salaries, pensions, etc., disbursed under instructions from India.

§Includes 2·15 provided in the grants for minor administrations, which has not been included in the total.

||Includes 2·29 for minor administrations and ·25 for works in the Civil Works grant. These two amounts are not included in the total.

Savings or expenditure which are contingent or cannot be estimated have not been included in the calculation, and additional revenues likely to accrue have been indicated but have been excluded from the calculation.

Taking both parts of our interim report together, the reduction of expenditure on our proposals will be 288·92 lakhs on grants amounting in the aggregate to 11,13·49 lakhs. This is = 26 per cent.

Explanations.—(1) Under grant No. 21—Forest a saving of 6·61 was recommended in the first part of our Interim Report. On our revised proposals in Chapter XXI this saving *will be reduced* by 1·31 to 5·30 lakhs. (2) The forecasted expenditure for the Nasik undertakings is 9·43 lakhs. On the Sub-Committee's proposals the reduction in expenditure would be 1½ lakhs. But, for purposes of the 1932-33 budget there will be a net deterioration to the extent of ·25 lakh.

APPENDIX I.

Statement showing the attendance of members at the meetings.

Names.	5th October to 29th October.	13th Novem- ber.	16th November to 5th December.	Total.	Remarks.
Days of sitting . . .	17*	1	12	30	*One (29th Octo- ber) was an in- formal meeting when Mr. Nixon and Secretary met to frame an estimate of savings. Mr. Ramsay-Scott was also in attendance.
Sir Abdur Rahim . . .	16	1	12	29	
The Honourable R. B. L. Ram Saran Das.	10	..	3	13	
Mr. Rangaswamy Ayan- ger.	..	..	..	NW†	†Was in England throughout in connection with the R. T. C.
Mr. S. C. Mitra . . .	12	1	12	25	
Mian Muhammad Shah Nawaz.	..	..	4	4	
R. S. Harbilas Sarda . .	5	1	9	15	
Mr. Ramsay-Scott . . .	14	1	12	27	
K. B. Hafis Wilayat Ullah	6	1	4	11	
Mr. J. C. Nixon . . .	17	..‡	12	29	‡Was out of Delhi on Duty.

NOTE.—Mr. K. C. Roy was a member but he died on 7th September 1931.

APPENDIX II.

Expenditure accounted for on behalf of the Finance Department.

	1913-14.	1921-22.	1924-25.	1931-32.
SECRETARIAT GRANT.				
Finance Department (Civil) . . .	4-10	6-28	4-85	7-44
Finance Department (Military) . . .	1-56	6-06	5-53	6-96
Central Board of Revenue . . .	..	..	2-31	3-07
Total Secretariat Grant . . .	5-66	12-32	12-69	17-47
OTHER GRANTS.				
Customs	41-34	64-96	66-08	96-48
Taxes on Income.	4-69	23-06	59-44	75-87
Salt	92-52	1,56-13	1,26-56	1,24-12
Opium	1,52-41	1,79-62	2,35-14	73-83*
Stamps	1-68	36-28	4-69	—03†
Home Administration—Secretary of State and High Commissioner	39-27	1,09-79	70-42	1,09-91
Currency	35-64	48-71	35-68	50-28
Mint	19-90	13-92	13-68	27-72
Miscellaneous‡	1,12-57§	60-41	46-74	35-11
Audit and Accounts	39-59	67-64	76-64	1,16-56
Adjustments with Provincial Govern- ments . . . . .	..	28-94	50-74	..
Payments on account of Agency Sub- jects . . . . .	..	21	1-48	2-30
	5,45-27	8,01-99	7,99-98	7,29-35

* Decrease due to reduction of cultivation in pursuance of the policy of stoppage of exports from 1935.

† Stamps being manufactured in India, expenditure on purchase in England has disappeared. The cost of manufacture is not shown under this grant.

‡ The various Departments of Government administer the subjects included in this grant.

§ Includes "Civil furlough and absentee allowances" which are now debited to the respective subject heads of account.

¶ Now distributed over the respective subject grants.

In order to arrive at comparable figures, which have been given below, the following adjustments have been made :—

- (1) Owing to change in opium policy, the reduction in expenditure in 1931-32 is nominal only. 73·63 has therefore been taken as the figure of expenditure in 1913-14, 1921-22 and 1924-25.
- (2) As in the case of (1), —·03 has been adopted as the figure of expenditure in 1913-14, 1921-22 and 1924-25.
- (3) Since the expenditure in 1921-22 and 1924-25 under " Adjustments with Provincial Governments " represented partly arrear payments and partly charges which are now shown under the respective subject grants, the whole of the amounts shown under the two years have been eliminated.

After these adjustments the totals for the various years will stand as follows :—

1913-14.	1921-22.	1924-25.	1931-32.
4,64·78	6,30·75	5,83·0	7,29·35

Expenditure accounted for on behalf of the Commerce Department.

	1913-14.	1921-22.	1924-25.	1931-32.
SECRETARIAT GRANT.				
Commerce Department	3·46	4·99	3·22	4·83
OTHER GRANTS				
Commercial Intelligence	1·51	2·97	2·97	5·81
Joint Stock Companies	"	1·30	1·33	1·43
Ecclesiastical	19·15	30·51	31·30	32·43
Ports and Pilotage and Lighthouses and Lightships	16·72	21·65	24·81	39·14
	40·84	61·42	63·63	83·64

Expenditure accounted for on behalf of the Department of Education, Health and Lands.

SECRETARIAT GRANT.				
Department of Education, Health and Lands . . . . .	..	4·19	5·07	6·98
Education Department	2·74	..	..	..
Keeper of Records	·74	·88	·98	1·20
Revenue and Agriculture Department	2·45†	3·52	..	..
Total Secretariat Grant	5·93	8·59	6·05	8·18

* Figures not separately available.

† Used to deal with many sources of revenue which are now " Provincial ".

	1913-14.	1921-22.	1924-25.	1931-32.
OTHER GRANTS.				
Forest	2-98	10-82	10-63	11-30
Survey of India	25-94	42-63	31-83	41-50
Botanical Survey	45	33-53	3-85	2-98
Archæology	3-58	10-73	13-73	16-01
Zoological Survey	1-29	1-55	1-46	2-30
Other Scientific Departments	44	4-44	5-46	3-24
Education	3-36	3-53	4-17	18-83
Medical Services	4-53	4-53	2-04	9-94
Public Health	11-90	11-20	5-39	13-92
Agriculture				
Imperial Council of Agricultural Research	5-47	10-08	18-56	15-37
	..	..	..	8-00
Civil Veterinary Services	2-03	7-06	7-32	8-30
Emigration—External	23	32	53	2-60
	68-13	1,49-00	1,11-02	1,62-51

Expenditure accounted for on behalf of the Home Department.

SECRETARIAT GRANT.				
Home Department Secretariat	3-24	6-62	5-79	6-02
Reforms Office . . . . .	..	..	..	2-34
Bureau of Public Information . . . . .	..	84	1-23	1-39
Intelligence Bureau	3-67	8-29	5-57	7-11
Total Secretariat Grant	6-91	15-75	12-69	16-86
OTHER GRANTS.				
Staff, etc., of the Governor General	10-63	9-84	13-77	15-26
Executive Council	5-50	5-49	5-28	5-79
Public Service Commission and Staff Selection Board . . . . .	..	15	11	3-66
Administration of Justice . . . . .	..	..	55	55
Police . . . . .	..	7	1-97	1-99
Census	41	..	..	33-49
Delhi*	12-70	37-50	32-73	47-06
Andamans and Nicobar†	20-54	39-79	38-73	42-22
	56-69	1,08-59	1,05-93	1,67-28

* Education, Health and Lands and other departments also administer some of these subjects.

† "Forest" is administered by the Department of Education, Health and Lands.

Expenditure accounted for on behalf of the Foreign and Political Department.

	1913-14.	1921-22.	1924-25.	1931-32.
Foreign and Political Department Secretariat	7-17	9-93	8-54	11-74
North-West Frontier Province	1,22-41	1,75-03	2,20-55	2,46-78
Baluchistan	53-17	60-36	71-57	79-34
Ajmer-Merwara	9-09	13-20	14-23	18-48
Rajputana	12-18	13-21	14-18	12-92
Central India	15-89	13-14	14-18	12-92
Hyderabad	6-57	5-36	5-33	9-90
Excise (non-voted) . . . . .	..	..	..	2-40
Political and Watch and Ward	1,74-53	1,80-39	1,64-34	2,26-82
Bangalore	6-06	10-50	22-66	14-16
W. I. S. Agency . . . . .	..	..	13-85	16-83
	4,07-07	4,81-12	5,49-43	6,52-29

Expenditure under the control of the Army Department.

Army Department Secretariat	3-85	6-20	6-68	6-61
Military Expenditure	29,84-41	59,52-96	59,66-52	56,47-57
	29,88-26	59,59-16	59,73-20	56,54-18

Expenditure accounted for on behalf of the Legislative Department and Legislative Assembly Department.

Legislative Council	1-71	..	--	--
Council of State . . . . .	..	2-25	2-06	1-55
Legislative Department	2-27	6-80	6-44	5-51
Legislative Assembly and Legislative Assembly Department . . . . .	..	5-80	5-17	3-29
	3-98	14-85	13-67	15-35

Expenditure accounted for on behalf of the Department of Industries and Labour.

	1913-14.	1921-22.	1924-25.	1931-32.
SECRETARIAT GRANT.				
Industry Department	•	5.24	..	..
Public Works Department	3.21	4.16	..	..
Inspector General of Irrigation . . . . .	.55	.85	..	..
Department of Industries and Labour . . . . .	..	..	5.43	6.53
	3.76	10.25	5.43	6.53
OTHER GRANTS.				
Irrigation	14.70	27.11†	29.52	31.80
Indian Posts and Telegraphs and Indo-European Telegraph Departments	4,94.49	9,09.12	8,50.48‡	11,98.05
Meteorology	4.27	6.70	6.68	21.48
Geological Survey	3.08	4.19	4.58	5.69
Mines . . . . .	.98	1.76	2.17	2.63
Industries . . . . .	..	.57	60.91§	1.97¶
Aviation . . . . .	..	.87	.23	31.58
Emigration—Internal . . . . .	.82	1.00	.52	.47
Miscellaneous Departments ¶	2.32	2.33	3.90	6.57
Indian Stores Department ** . . . . .	..	4.03	10.64	8.32
Civil Works	1,55.82	1,53.53	1,77.73	2,41.28
Stationery and Printing	32.12	79.54	35.34	63.29
	7,12.34	12,02.00	11,88.12	16,19.75

* In 1913-14 there was a combined Commerce and Industries Department. The total expenditure has been shown under "Commerce Department".

† Budget estimate.

‡ Budget figure.

§ This includes figures for steel bounties.

¶ This represents Dhanbad School of Mines.

¶ Some of the subjects included in this grant are administered by other departments.

** Recoveries are now shown as minus expenditure. In 1924-25 they were shown as revenue and expenditure was voted gross. Certain receipts formerly treated as minus expenditure have been re-classified as Revenue.

In order to arrive at comparable figures, the following adjustments have to be made :—

- (1) In 1931-32, gross cost of the Indian Stores Department should be taken.
- (2) Gross figures should be taken for the years 1921-22, 1924-25 and 1931-32 under Stationery and Printing. (The figures for 1921-22 do not take into account certain recoveries, the figures for 1924-25 are net and the figures for 1931-32 take into account only certain recoveries.)

Making these adjustments the totals would stand as follows :—

1913-14.	1921-22.	1924-25.	1931-32.
7,12·34	13,13·34	12,36·42	16,81·17

APPENDIX III.

(Reference—paragraph 6 on page 4.)

Statement showing the Commissions and Committees appointed since 1921 together with their cost from year to year.

Serial No.	Title of Commission, etc.	Year in which appointed.	Cost.
1	2	3	4
			Rs. s. p.
1	The Press Laws Committee . . .	1921	18,317 0 0
2	The Repressive Laws Committee . . .	1921	14,058 0 0
3	The Racial Distinctions Committee . . .	1921	35,821 9 8
4	The Second Telegraph Committee . . .	1921	2,500 0 0
5	The Military Requirements Committee . . .	1921	6,929 0 0
6	The Committee appointed to consider the Esher Committee's report.	1921	Nil.
7	The Cantonment Reforms Committee . . .	1921	Cost unknown.
8	The Indianisation Committee . . .	1921	Cost unknown.
9	Government Securities Committees . . .	1921	11,000 0 0
10	Railway Finance Committee . . .	1921	67,916 0 0
11	Indian Railway Committee . . .	1921	4,60,080 0 0
12	Deck Passengers' Committee . . .	1921	59,934 0 0
13	Burma Reforms Committee . . .	1921	20,000 0 0
14	Special Committee to enquire into and report on certain matters relating to the Indian Institute of Science, Bangalore.	1921	Nil.
15	Statute Law Revision Committee . . .	1921	Nil.
16	Committee on Indian Students . . .	1921	14,341 0 0
17	Fiscal Commission . . .	1921	3,47,803 0 0
18	Braithwaite Committee . . .	1922	22,448 0 0
19	Committee on Public Petitions . . .	1922	Nil.
20	Staff Selection Board Committee . . .	1922	Nil.
21	Indian Arms Rules Committee . . .	1922	16,046 1 0
22	North West Frontier Enquiry Committee . . .	1922	76,550 0 0
23	Railway Industries Committee . . .	1922	Nil.
24	Seamen's Recruitment Committee . . .	1922	7,383 13 11

Serial No.	Title of Commission, etc.	Year in which appointed.	Cost.
1	2	3	4
			Rs. a. p.
25	Machinery Committee	1922	1,200 0 0
26	Bengal Pilot Service Committee	1922	6,000 0 0
27	Railway Risk Note Committee	1922	4,186 0 0
28	Railway Depreciation Committee,	1922	38,933 0 0
29	The Indian Retrenchment Committee	1922	71,000 0 0
30	The Waziristan Committee	1922	Cost unknown.
31	New Capital Enquiry Committee	1922	8,500 0 0
32	Preliminary Committee on Workmen's Compensation Bill.	1922	3,913 6 0
33	Railway Accounts Committee	1922	68,050 0 0
34	Piece Workers' Committee	1922	2,911 13 3
35	Tariff Board	1923	1,778,002 0 0*
36	Indian Mercantile Marine Committee	1923	1,37,623 0 0
37	Railway Statistics Committee	1923	27,941 0 0
38	Committee to make recommendations regarding the re-organisation of the administrative methods of the Forest Department.	1923	4,450 0 0
39	Coal Dust Committee	1923	12,652 0 0†
40	Committee on Police Uniforms	1923	1,500 0 0
41	Calcutta High Court Committee	1923	2,934 0 0
42	Indian Bar Committee	1923	1,12,000 0 0
43	Royal Commission on Superior Civil Services	1923	3,00,000 0 0
44	Civil Justice Committee	1924	2,50,000 0 0
45	The Reforms Enquiry Committee	1924	46,000 0 0
46	Locomotive Standards Committee	1924	33,869 0 0
47	Colonies Committee	1924	37,770 4 0
48	The Auxiliary and Territorial Forces Committee.	1924	17,500 0 0
49	The Indian Taxation Enquiry Committee	1924	4,86,000 0 0†

* Expenditure upto 1931-32.

† Expenditure incurred upto 1929-30.

‡ Influenced by discussions in the Indian Legislature. A resolution was also moved in the Council of State in 1923.

Serial No.	Title of Commission, etc.	Year in which appointed.	Cost.
1	2	3	4
			Rs. a. p.
50	The External Capital Committee	1924	Nil.
51	Coal Committee	1924	76,162 0 0
52	The Posts and Telegraphs Department Committee.	1924	30,000 0 0
53	Track Sub-Committee	1925	30,000 0 0
54	Carriage and Wagon Standards Committee .	1925	74,198 0 0
55	The State Railways Workshop Committee .	1925	75,187 0 0
56	Bridge Sub-Committee	1925	40,000 0 0
57	Committee to enquire into the question of giving financial assistance to the Lady Hardinge Medical College, Delhi.	1925	3,703 9 0
58	Deputation of the Government of India to South Africa.	1925	75,000 0 0
59	Committee on the cost accounting in the Army in India.	1925	20,624 0 0
60	Indian Sandhurst Committee	1925	1,67,671 0 0
61	Committee to report on horse breeding in India	1925	13,496 0 0
62	Royal Commission on Indian Currency and Finance.	1925	2,87,000 0 0
63	Standing Committee of Chief Engineers .	1925	.
64	Committee to enquire into the working of the London Timber Agency of the Government of India.	1925	10,060 0 0
65	The Indian Economic Enquiry Committee .	1925	1,18,000 0 0
66	Tariff Board (Cotton Textile Industry Enquiry).	1926	1,36,919 0 0
67	Government of India delegation to South Africa.	1926	1,17,000 0 0
68	Committee to report on the condition of the Imperial Library, Calcutta.	1926	Nil.
69	Frontier Civil Forces Committee	1926	37,574 0 0
70	Committee to enquire into the Back Bay Reclamation Scheme.	1926	1,39,000 0 0
71	Track Sub-Committee	1926	25,000 0 0

* The cost involved was very small. As the members of the Committee belonged to various Railways. As their pays and allowances were borne by their respective Railways.

Serial No.	Title of Commission, etc.	Year in which appointed.	Cost.
2	3	4	Rs. a. p.
72	Vocational Training Committee . . .	1926	2,852 8 0
73	Committee of enquiry appointed to investigate the affairs of the Army Canteen Board.	1926	Nil.
74	The Ordnance Supply Committee . . .	1926	12,227 15 0
75	The Second Innes Committee . . .	1926	230 0 0
76	Royal Agricultural Commission . . .	1926	14,34,666 0 0*
77	Indian Army Ordnance Accounts Committee.	1926	1,066 0 0
78	The Indian States Committee . . .	1927	2,07,294 0 0†
79	The States Opium Enquiry Committee . . .	1927	32,365 0 0
80	Indian Road Development Committee . . .	1927	1,31,229 0 0
81	Transfer of Property Committee . . .	1927	31,990 0 0
82	Government of India Deputation to Africa .	1927	66,000 0 0
83	Deputation of Educational Experts to South Africa.	1927	30,000 0 0
84	Committee to enquire and report on the allocation of a permanent site for the Delhi University Buildings and the extent and nature of assistance to be given to it.	1927	1,899 0 0
85	Committee on the organisation of Medical Research under the Government of India.	1927	12,477 0 0 ‡
86	Committee to consider the question of residence and accommodation for members of the Indian Legislature.	1927	Nil.
87	Advisory Committee in connection with the scheme for the encouragement of Indian Artists by providing facilities for the decoration of certain Government Buildings in New Delhi.	1927	625 0 0
88	The Indian Cinema Committee . . .	1927	1,96,949 0 0
89	The Indian Statutory Commission . . .	1927	12,97,284 0 0†
90	Trade Mission . . .	1928	44,851 0 0
91	Age of Consent Committee . . .	1928	2,95,400 0 0

* Includes expenditure in England.

† Against this expenditure, a portion of which was incurred in 1930-31 His Majesty's Government have made a contribution of £20,000 and promised a further contribution of £60,000 out of which 1/3rd of the expenditure incurred by Provincial Governments on account of the Commissions of enquiry should be refunded.

‡ Exclusive of Rs. 25,000 contributed by the Indian Research Fund Association.

Serial No.	Title of Commission, etc.	Year in which appointed.	Cost.
1	2	3	4
			Rs. a. p.
92	Indian Central Committee	1928	6,01,495 0 0*
93	Auxiliary Committee of the Indian Statutory Commission.*	1928	2,09,161 0 0
94	Indian Sale of Goods Bill Committee	1929	3,208 0 0
95	Watch and Ward Committee	1929	2,543 0 0
96	Hides Cess Enquiry Committee	1929	48,426 0 0
97	Indian Forestry Committee	1929	27,300 0 0
98	Haj Enquiry Committee	1929	1,97,800 0 0
99	Primary Education Committee	1929	48,933 0 0
100	Royal Labour Commission	1929	12,80,000 0 0
101	Indian Central Banking Enquiry Committee.	1929	6,14,518 0 0
102	Indian Provincial Banking Enquiry Committees.	1929	6,50,939 0 0†
103	Central Areas Banking Enquiry Committees .	1929	71,283 0 0
104	The Peshawar Disturbances Enquiry Committee.	1930	76,550 0 0
105	Special Committee to examine a bill to amend and define the law relating to partnership.	1930	9,292 0 0
106	The Salt Survey Committee	1930	40,073 0 0
107	The Lady Hardinge Medical College Enquiry Committee.	1930	2,948 0 0
108	Special Committee appointed to investigate certain facts relevant to the economic and financial relations between British India and Indian States.	1930	28,156 0 0
109	The Drugs Enquiry Committee	1930	1,10,000 0 0
110	Committee to enquire into the causes of the high mortality among repatriated Indians on board S. S. " Sutlej."	1930	400 0 0
111	Committee to enquire into the working of the special organisation in Madras for dealing with emigrants returning to the Presidency from South Africa under the scheme of assisted emigration.	1930	No expenditure was incurred.

* Includes expenditure both in India and England.

† Inclusive of Rs. 92,614 contributed by Local Governments.

Serial No.	Title of Commission, etc.	Year in which appointed.	Cost.
1	2	3	4
			Rs. a. p.
112	Inland Steam Vessels Rates Advisory Committee, on the complaint of the Pioneer Motor Boat Company, Dacca, against the India General Navigation, and Railway Company, Limited, and the River Steam Navigation Company, Limited.	1931	*
113	North West Frontier Province Subjects Committee.	1931	35,510 0 0
114	Sind Financial Enquiry Committee . . .	1931	25,240 0 0
115	The Tribal Control and Defence Committee .	1931	25,819 0 0
116	The North-West Frontier Province Regulation Committee.	1931	52,066 0 0
117	The Indian Military College Committee, 1931	1931	18,138 7 0
118	Posts and Telegraphs Accounts Enquiry Committee.	1931	15,300 0 0
119	Court of enquiry under the Indian Trades Disputes Act.	1931	24,000 0 0
120	Retrenchment Committees (including Retrenchment Office and Sub-Committees).	1931	1,75,000 0 0

* The machinery of the Railway Rates Advisory Committee was utilised in undertaking this enquiry. The question whether the General Budget should pay a contribution to the Railway Budget for the cost of the enquiry, and if so the amount thereof, have not yet been settled.

CHAPTER II.

GRANT No. 16.—CUSTOMS (96·44 lakhs).

(1) *Explanation of the grant.*—The Customs grant of 96·44 lakhs is one of the largest grants in the civil estimates of the Government of India, and consists of the following items :—

	Lakhs.
(i) Pay of officers (8·09) and of establishments (49·78)	57·87
(ii) Compensations, which are mostly non-voted	18·64
(iii) Payment of overtime and holiday allowances to officers	9·71
(iv) Grants to charitable, recreation and similar welfare institutions	2·43
(v) Allowances, honoraria, etc.	3·26
(vi) Boats—Purchase and repair of boats (.42); their equipment and stores (.30)	·72
(vii) Supplies and services (1·44) and contingencies (2·50)	3·94
(viii) Payment to other departments, governments etc.	2·14
(ix) Land customs charges other than pay of staff	1·31
(x) English charges on stores	·04
Deduct contributions (.85)* and "probable savings" (.78)	-1·63
	96·43=96·44

(2) *Customs policy.*—Broadly speaking, the land frontier of India is free, the only exceptions being (i) the frontiers along the foreign enclaves, viz., the French and Portuguese settlements, (ii) Burma-Siam frontier and (iii) the Virangam-Dhandhuka cordon. As regards harbours along the sea the policy is to encourage trade to go to the major ports, where the necessary trained technical staff is available. The harbours and ports of maritime states are, generally speaking, treated as "foreign" ports; the important exceptions to this rule are Bhavnagar and ports in Cochin and Travancore States. Customs establishments are maintained on the frontier between Afghanistan and the North-West Frontier Province and Baluchistan in order to check the goods passing through India free of duty under the trade convention with Afghanistan.

(3) *Functions.*—The Customs Department as such is concerned with (a) the collection of the most important single head of central revenues, viz., revenue from customs including that from certain excises, e.g., motor spirit, petroleum, etc., and (b) with work incidental to its main duty at the ports or the land frontiers, e.g., prevention of smuggling, collection of statistics, control of prohibited or restricted goods. It also collects light dues and cesses and royalties for local administrations and certain funds. Other work connected with the ports, e.g., the administration of ports, pilotage, lighthouses, emigration, pilgrim traffic is no part of its own responsibility, even though under the present arrangements officers of one department frequently look after the work of other departments in addition to their own duties.

(4) *Administration.*—India has at present six ports classed as major ports, viz., Calcutta, Bombay, Madras, Karachi, Rangoon and Chittagong. At these and some of the outlying ports customs work is under officers of the Customs Department; at other outlying ports it is looked after by officers of other departments, generally Port Officers, an allowance being paid to them for their customs work. The arrangements are by no means uniform. In Bombay Presidency the Salt Department looks after (i) sea customs work everywhere except at Bombay proper, and (ii) land customs work. *Per contra*, the Customs Department performs duties in connection with imported salt at Calcutta and Chittagong. At some of the Burma ports the customs

* Establishment charges recovered from other departments, private bodies, recoveries on account of supervision of factories by customs officials or of customs staff at private wharves, and similar contributions from others for various services rendered.

staff is responsible for lighthouses and lightships. For the administration of customs on the Orissa coast the Government of Bihar and Orissa are still responsible, and receive a share of their cost. This outline shows that the administration of customs still retains many of the vestiges of the pre-reform system under which Local Governments used to be responsible, as agents, for customs, salt, ports, lighthouses, etc. It may also be added that in connection with inward foreign postal articles customs work is done by the Posts and Telegraphs Department in return for an annual payment of two lakhs.

(5) *Organisation.*—The Customs Department used to be controlled by the Commerce Department, but since 1924 the administrative control vests in the Central Board of Revenue. Apart from the exceptional cases where another department or a Local Government still looks after customs work (*e.g.*, minor ports in Burma and Bombay, or ports in Bihar and Orissa), the agency by which the Central Board of Revenue controls the work is the customs staff at the various ports.

At five of the six major ports there are collectors of customs; two of these posts are reserved for the I. C. S. and the other three are filled by officers of the Imperial Customs Service. Among the outlying ports Chittagong is the most important and customs work there is in charge of an Assistant Collector of the Imperial Customs Service.

The Collector has under him the necessary staff consisting of (i) Assistant Collectors, (ii) audit and account officers, (iii) Appraisers and examiners, (iv) preventive service men and wharfingers, (v) chemists, (vi) clerks and (vii) inferior servants including boat crews. The following table shows the present strengths of each class of establishments at each of the six major ports, their outports, and at the land frontiers under (a) officers and (b) establishments.

	Calcutta.	Bombay.	Rangoon.	Madras.	Karachi.	Chittagong.	Outports.			Land frontiers.
							Burma.	Madras.	Bombay.	
(i) Officers—										
Collector	1	1	1	1	1	..	..	..	..	..
Assistant Collectors*	7	7	3	3	3	1	..	..	..	..
Audit, etc.	..	..	1	1	1	..	..	..	..	..
Chemists	2	1	1	1	1	..	..	..	..	..
Others	10	10	2	2	2	..	..	6	..	5
Total	20	19	8	8	8	1	..	6	..	6
(ii) Establishments—										
Appraisers and Examiners	37	33	12	11	21	2	..	..	..	..
Preventive Service men.	273	88	109	47	40	21	..	100	..	4
Wharfingers	..	111	..	..	26	..	..	..	..	..
Chemists	8	3	1	1	1	..	..	..	..	..
Clerks	408	344	169	148	150	30	..	189	..	5
Inferior (including crews).	443	464	201	79	192	31	..	652	..	12
Others	16	39	23	2	8	2	..	..	..	1
(iii) Total	1,185	1,119	615	288	451	86	..	941	..	22

* In addition to above there are leave and training reserves of three Assistant Collectors and three probationers.

While each of the five custom houses has its own chemical staff on the spot, "chemical control" work is, at present, in charge of the present incumbent of the post of professor of chemistry at the Government College, Lahore; he has a small special staff to assist him.

It only remains to add that unlike the Income-Tax or the Salt Departments, the Customs Department has no recognised class II service. It has however been proposed to classify certain posts as class II posts under the recent "classification" rules.

(6) *Scales of pay*.—Apart from the one selection post for which the pay is Rs. 3,000 *plus* overseas pay, the regular scale of pay for Collectors of Customs is Rs. 2,250—100—2,750 *plus* overseas pay. The Imperial Customs Service is on the scale of Rs. 350—50—1,500 *plus* overseas pay. The scales of pay for other posts vary from port to port.

(7) Growth of expenditure and receipts (in lakhs)—

	1913-14.	1922-23.	1924-25.	1929-30.	1930-31.	1931-32.
Expenditure	41·34	72·74	77·12	96·17	94·61	96·44
Receipts	11,13·78	45,41·84	44,98·19	51,27·66	54,63·81	56,45·97

A comparison of the ratio of expenditure to receipts is not of much help, since the growth of receipts is primarily due, not to the increased volume of trade but to enhancements in, and new additions to, the tariffs. Thus, since 1924-25 Government stores pay customs duties; till then they used to come in free. The general tariff which used to be 5 per cent. in 1913-14 and 15 per cent. up to 1930-31 is now 25 per cent. Customs work has also grown in complexity not only since 1913-14 but even since 1922-23.

(8) *Inchape Committee's proposals*.—This Committee's observation that compared with 1913-14 there was probably a falling off of trade in the period ending 1922-23 may be true of the state of trade today, but the precise position cannot be verified statistically. That Committee recommended that "the strength and pay of the staff at the various customs houses should be examined with a view to possible economies" but "having regard to the importance of maintaining the revenue", it did not recommend any further reduction. In fact, it was found necessary to increase the staff, and in the case of some establishments, to enhance the scales of pay.

(9) *Departmental proposals*.—The Central Board of Revenue proposes to reduce the number of Assistant Collectors' posts by five, subject to the proviso that two accounts officers' posts should be added to the cadre. This would save ·57 lakh. A lump cut of 10 per cent. is proposed in the other gazetted and non-gazetted staff; on the former the saving would be ·33 lakh, and on the latter 4·78 lakhs. Other savings proposed are ·50 on allowances, ·20 under establishment charges paid to other departments and governments, ·05 under land customs charges and ·65 under other expenditure. Total 7·07 lakhs.

(10) *Our proposals*.—(i) From a study of the statistics relating to the expenditure, the revenue collected, and the numbers of staff to be controlled we conclude provisionally that there is no intrinsic justification for treating all collectors of customs alike in the matter of pay. We shall take this up at a later stage of our enquiry.

(ii) The sanctioned cadre of Assistant Collectors was 21 in 1913-14 and 24 in 1922-23 and now stands at 30. We agree with the Board's proposal that the cadre should be reduced. The *net* reduction it offers is three, *i.e.*, ten per cent. We do not think this goes far enough. We propose that, taking Collectors and Assistant Collectors together, at least six posts should be reduced;

the proposed reduction is a little over fifteen per cent. As regards the reduction of expenditure, we shall assume that it will be *pro rata*. Further, we think that the cost on other officers' posts should be similarly reduced by 15 per cent. In this connection our remarks in the next sub-para. may be seen.

The aggregate savings on our proposals will be 1.18 lakhs at the ports and .03 at the land frontiers, i.e., a total of 1.21 lakhs.

(iii) The Board has offered to effect a ten per cent. reduction in the establishments. We do not consider this offer adequate in the case of this department. India's overseas trade, both import and export, has declined appreciably. We recognise that a highly trained technical staff cannot be increased or decreased with every change in the volume of trade. But we hold that this contention, even if valid in the case of appraisers, chemists, and similar classes of technically trained men, is hardly applicable to the case of preventive servicemen, and the ministerial and menial establishments. It has again been argued that the decrease in the total volume of trade does not necessarily indicate a proportionate decrease in customs work; in fact, we have been told that owing to the operation of the tendency for small individual consignments to increase at the expense of large and uniform ones, customs work is tending to increase inspite of the volume of trade remaining more or less the same. We concede that this contention has a little force, but we think it has been overstated. Our view is that taking everything into consideration a reduction of 15 per cent. in the *provision* for establishment is practicable. If the men to be retired or discharged are properly selected, the proportion so dealt with need not go up to 15 per cent. nor need it be uniform as between the various classes and grades of customs services; this remark applies to sub-para. (ii) also.

Our proposal should yield a saving of 7.47 lakhs.

(iv) The staff is recruited for work at the ports, almost all of which are expensive stations. In our opinion the entire system of compensatory and house-rent allowances should therefore be abrogated. We cannot calculate the savings, since we do not know the amounts provided for such allowances. We are therefore reduced to proposing a cut of 15 per cent. on the provision for all allowances except those for overtime work. Finance Department has already issued orders cutting down certain allowances; hence we think it will not at all be difficult to effect the reduction proposed by us, especially because the numbers will also decrease.

The resulting saving will be .49 lakhs.

(v) Similarly, in the case of the following provisions the 1932-33 budget should be reduced by 15 per cent., viz., (a) purchase and repair of boats, (b) stores and equipment of boats, (c) charges for the detection of offences, (d) supplies and services, (e) contingencies, (f) "other charges" at the land customs stations.

The total savings will be .78 lakh, even after allowing for the entire minus provision for "probable savings" under this sub-paragraph.

(vi) The 1931-32 grant contemplates receipts of 12.35 lakhs by way of overtime fees realised from merchants and shippers and shipowners (6.52), penalty fees levied for work on Sundays and special holidays (4.73), and bond and other fees realised from merchants for work done during ordinary working hours (1.11). Out of this 12.35 lakhs the 1931-32 budget provides for the following payments, viz., (a) 6.47 lakhs to officers out of merchants' overtime fees, (b) 3.39 to officers out of the penalty fees including crown overtime, (c) 1.34 plus .57 brought forward from 1930-31, i.e., 1.91 lakhs which is the amount available for grants out of penalty fees to seamen's and customs welfare institutions.

The following table gives the necessary information for the years 1929-30, 1930-31 and 1931-32 :—

	1929-30. (Actuals.)		1930-31. (Revised Estimates.)		1931-32. (Budget.)	
	Receipts.	Expendi- ture.	Receipts.	Expendi- ture.	Receipts.	Expendi- ture.
Merchants' overtime	6-34	6-36	5-75	5-84	6-52	6-47
Penalty fees . . .	4-30	3-09 } 1-10†	3-81	3-39 } 1-10†	4-73	3-38 } 1-91†
*Bond and other fees for work during ordinary hours . . .	1-09		1-06		1-11	

We have examined very carefully the theory and practice of the system of levying penalty fees and overtime charges. We have no doubt that shippers and shipowners find it convenient to pay these rather than let their cargoes remain uncleared. We therefore propose that the system of charging such fees should remain unaltered in essence. We consider this case to be somewhat analogical to the case of "late fees" and "double charges" in the Posts and Telegraphs Department.

We are not, however, convinced that it is necessary to pay to customs officials the whole or even a large part of the fees so realised. A large proportion goes to preventive servicemen who, we consider, are already well-paid. Their duties correspond to the duties of police officers and the men used at one time to be drawn, to some extent, from the police. The scales of pay are in our opinion extremely liberal when compared with those in force for the corresponding grades of provincial police services operating in the ports concerned. We have been told that on the average "overtime" and similar emoluments amount to about one-third of the pay proper. Hence, we can see no justification for these additional emoluments. We may also cite the case of the ports establishments, who, broadly speaking, are paid, not the whole, but only one-half of the overtime earned for Government. The labour involved in the case of customs officials is not physical; hence, the analogies of railways, mint and similar departments are not applicable to the case of the customs establishments. We hold that the ordinary theory of Government service, viz., that a Government employee is deemed to be in service all the twenty-four hours of the day should be acted upon in this case. Scores of Government departments—central and provincial—involve overtime work for their staffs, but the payment of overtime allowances or even bonus is an exception proving the rule that a public servant must, whenever necessary, put in extra work without expecting extra wages. In fact, in the case of Customs and similar services such overtime work should be regarded as one of the normal incidents of service. We are not sure that the system of "overtime" allowances does not encourage abuses. On all these grounds, we hold that the entire system of overtime, etc., allowances can and should be abolished. But, in the case of those already in service we would not go so far. With the exception of Mr. Ramsay-Scott we hold that Government are entitled to appropriate to themselves the whole or a part of the receipts from overtime and penalty fees charged to the public. The Sub-Committee, however, having regard to the practice that has obtained hitherto, recommends that 50 per cent. of the receipts should be appropriated to Government. Mr. Ramsay-Scott would, however, confine his recommendation to an appropriation of not more than one-fourth.

* These are entirely credited to Government.

† Payments to charitable and welfare institutions.

Payments from merchants' overtime fees and from penalty fees including crown overtime are made to officials of the department. The balance of fees levied for work on Sundays and special holidays after payment of penalty fees and crown overtime to officers becomes available for payment to seamen's and customs welfare institutions. In fact, we observe that a large majority of the institutions actually in receipt of grants are recreation clubs and institutions for mutual financial assistance among customs officials. Grants to such institutions are not a statutory obligation on Government, though we concede that it has been the customary practice of Government so far to make them. While we hold that Government are entitled and justified in refusing to continue these grants, we do not recommend such action. Some consideration should be shown to the institutions, since they would naturally expect the grants not to be discontinued all of a sudden. We therefore recommend that the same principles and percentage cuts should be applied to these grants as in the case of payments to officers.

Although receipt in 1931-32 are estimated to amount to 11·25 lakhs, the estimate of the amount available for expenditure is 11·77. Since, our proposal is for the reduction of expenditure rather than the increase of receipts, we estimate a saving of 5·88 lakhs from our proposals in this sub-paragraph.

(vi) Out of the provision of 2·14 for payments to other departments, governments and bodies the Board has offered a saving of ·20. We recommend that it should be accepted.

(vii) Chemical control work should, in our opinion, be made over to the Government Test House at Alipore.

(viii) We only wish to add that since the appointment of junior Indian members of the I. C. S. as Assistant Collectors is intended to train them for appointment as Collectors of Customs drawn from the I. C. S., the post of Assistant Collector held by an Indian member of the I. C. S. should not be brought under reduction. Such reduction as is given effect to should be in the cadre of Assistant Collectors belonging to the Imperial Customs Service.

(11) *Summary of savings.*— On our proposals the aggregate reduction of expenditure will be 16·03, or say, 16 lakhs.

CHAPTER III.

GRANT NO. 18.—SALT (125·15 lakhs).

(1) *Explanation of the grant.*—The 1931-32 estimates for all the Salt departments are Rs. 1,24·12 lakhs plus Rs. 1·03 lakhs (=£7,725) for overseas pay, leave salaries, etc., paid in sterling. The budget may be summarised below :—

Direction.	Salt purchase and freight.	Royalties and compensations.	Capital expenditure.	Total.†	
(i) N. I. S. R.	31·09*	..	31·54	1·02	63·35
(ii) Madras	11·26	3·85	4·88	2·56	21·70
(iii) Bombay	26·02	6·05	·87	·60	33·54
(iv) Burma	1·66	..	..	..	1·66
(v) Bihar and Orissa	·76	..	..	..	·76
(vi) Bengal	2·91	..	·20	..	3·11

(2) *Salt policy and functions of the Salt Department.*—Broadly speaking, the production of salt is not a Government monopoly except in Northern India and at Kharaghoda. Wherever salt is manufactured in India, it is "excised". In Madras Presidency, Government retain the power of buying up salt from the factories at stipulated prices, the object being to control the price. Salt manufactured or purchased by Government is sold at cost price, which is arrived at by certain formulæ; for this purpose Kharaghoda and Northern India sources are lumped together. Salt is not manufactured in Bengal, Assam, Bihar and Orissa, the United Provinces and the Central Provinces. The Salt Departments of Bombay, Madras and Burma are *mainly* concerned with the collection of the excise duty and preventive work. The import duty on salt imported into Bengal is collected by the Customs Department. In Northern India, however, the salt policy has led to concentration of production, which is a Government monopoly; preventive work is an important feature of the administration of salt in Northern India. The Indian Statutory Commission suggested that the proceeds of the salt duty should be transferred to the provinces and distributed on a population basis (Volume 2, paragraph 294). The Round Table Conference proceedings indicate that "salt" may be federalised.

(3) *Organisation.*—(i) *General.*—The administrative control of all salt departments is vested in the Central Board of Revenue. There are four regular Salt departments, viz., N. I. S. R., Bombay, Madras and Burma. In Sind, apart from the small separate establishment maintained at Maurypur (Karachi) salt is still administered by the Government of Bombay as agents for the Government of India, who pay one-fourth of the cost of the combined "salt and excise" establishment. The Local Government of Bengal and, in respect of certain parts of Bihar and Orissa, the Government of that province, continue to be responsible for preventive work and are paid 2 lakhs and ·76 lakh respectively for this "agency" work by their combined "salt and excise" establishments.

The Collector of Salt Revenue, Bombay, also looks after (a) sea customs work at the minor ports of Bombay Presidency (*minus* Sind), (b) land customs work along the Viramgam-Dhandhuka line, and (c) the minor ports and light-houses and lightships; in respect of (c) the Commerce Department make a contribution. *Per contra* the Customs Department looks after salt work at Calcutta and Chittagong. The Salt and Customs Departments do not charge for the work done by the one for the other.

* Viz. 1·21 direction, 25·82 other working expenses and 4·06 preventive establishments.
† Totals will not necessarily tally, since they take account of probable savings.

(ii) *N. I. S. R.*—The largest salt administration is the Northern India Salt Revenue Department. It works the two main salt sources in Northern India, viz., (1) the salt mines at Khewra, Warchha, Kalabagh and Kohat and (2) the "brine salt" works at Sambhar, Pachbadra and Didwana. It also looks after preventive work over the whole of Northern India including the Central Provinces and Bihar. The Department is administered from Delhi by a Commissioner drawn from the I. C. S. who gets a special pay of Rs. 250; the post is not, however, reserved for the I. C. S. The other superior staff and their scales of pay (apart from overseas pay) may be set out as below:—

- (a) *Direction*.—A Deputy Commissioner* and a Personal Assistant of the rank of a Superintendent (250—600 plus a special pay of 50).
- (b) *Manufacture*.—Two General Managers (1,100—1,400), an Assistant General Manager (700—900), an Assistant Commissioner (700—1,000), 11 Superintendents (250—600) and a Treasury Officer (300—350).
- (c) *Weighment*.—An Assistant Commissioner (1,000) and five Superintendents (250—600).
- (d) *Workshop Supervision*.—A Superintending Mechanical and Electrical Engineer (1,000—1,200) at Khewra and an Electrical and Mechanical Engineer (775—875) at Sambhar.
- (e) *Medical*.—Two assistant surgeons (225—450 plus a special pay of 30 and 350 plus a special pay of 125).
- (f) *Preventive*.—Two Assistant Commissioners (700—900 plus a special pay of 100) and five Superintendents (250—600 plus a special pay of 100).

The regular establishment numbers nearly 1,500 men and there are provisions aggregating Rs. 58,300 for temporary establishments.

(iii) The Madras Salt Department is administered by a Collector of Salt Revenue. The post is reserved for the I. C. S. and the Collector gets a special pay of Rs. 200. Under him there are four Assistant Commissioners, one on 1,000—1,200 and the others on 600—900. One of them works as Secretary to the Collector and receives a special pay of Rs. 100. The other gazetted executive staff consists of 12 Inspectors on 300—540.

The regular establishment numbers 1,958.

(iv) In Bombay Presidency also the Collector of Salt Revenue's post is reserved for the I. C. S. but it carries no special pay. The other gazetted staff consists of a Personal Assistant (300—600), a Chief Accounts Officer (300—1,000), seven Assistant Collectors (one on 1,050—1,200 and six on 300—1,000)† and an Assistant Surgeon (200—450 + a special pay of 70). There is also a Deputy Superintendent of Lighthouses (Rs. 450—850) under the Collector, but he does no salt work.

The regular establishment numbers 5,186.

The above-mentioned staff includes an Assistant Collector and an establishment (temporary) costing Rs. 12,400 and Rs. 72,200 respectively for land customs work along the Viramgam-Dhandhuka line.

(v) In Sind the Local Government's excise staff looks after salt work, and the Government of India pay them $\frac{1}{2}$ of the cost of the combined staff. The provision in 1931-32 for this purpose is Rs. 81,000. Besides, a separate Sind Salt Department is maintained at a cost of Rs. 80,000 with a Superintendent (on Rs. 600) in charge.

* The post was held by a departmental officer and has been abolished with effect from September 1931. The Personal Assistant's post has been converted into a Secretary's post (on Superintendent's scale plus a special pay of Rs. 100—150).

† For non-Asiatics the scales are Rs. 200 less but they get £25 in lieu of the Rs. 200.

(vi) In Burma the Commissioner of Income-tax works also as Commissioner of Salt Revenue and gets Rs. 200 as special pay. Under him is a Collector of Salt Revenue (1,000—1,250) and two Superintendents (400—900).

The regular establishment numbers 126.

(4) Expenditure, receipts and net revenue (in lakhs)—

	1913-14.	1922-23.	1924-25.	1929-30.	1931-32.
Expenditure (including sterling expenditure).	92.52	1,51.36	1,27.40	1,28.08	1,25.15
Receipts minus refunds	5,16.79	6,82.48	7,39.05	6,76.46	7,05.00
Net Revenue	4,24.27	5,31.12	6,11.65	5,48.38	5,79.85

Note.—From 1888 to 1903 the salt duty was Rs. 2 8-0 per maund. In 1903 it was reduced to Rs. 2; in 1905 to Rs. 1-8-0 and in 1907 to Re. 1. In 1916 it was raised from Re. 1 to 1-4-0 per maund. In 1923-24 it was raised to Rs. 2-8-0 but was again reduced to Rs. 1-4-0 in 1924-25. This is the rate in force now. It has, however, been subjected to a surcharge of 25 per cent. by the Supplementary Finance Act, 1931.

A statement is appended at the end of this Chapter setting forth the salt budget (both expenditure and revenue) of each salt department and how it has been rising or falling.

(5) *Commercialisation of accounts.*—The Incheape Committee had recommended the introduction of commercial accounts in all the salt departments, but only those of the Northern India Salt Revenue Department are maintained on the commercial system. In that department there was a "profit" of Rs. 56 lakhs against "losses" of about 3½ lakhs in each of the two previous years. The accumulated loss since 1st April 1924 up to the end of 1929-30 was 3.69 lakhs. Fixed assets then stood at 85.10 lakhs.

(6) *Development schemes in hand.*—Consequent upon the Tariff Board's enquiry and the Salt Survey Committee's report, a differential duty of 4½ annas per maund has been imposed on imported salt with effect from 18th March 1931. A part of the proceeds of this duty will be devoted to the development of salt sources in India, especially in Northern India, Sind (including Karachi) and along the east coast, with the object of capturing the markets in Bengal and Assam, which at present, are served by imported salt.

(7) *Limitations on scope for economy.*—The Central Board of Revenue rightly points out that certain items of expenditure are either obligatory or affect revenue directly. Thus, royalties and compensations, pensions, establishment charges paid to other Governments or departments, interest on capital outlay and contributions to the depreciation fund, payments to railways for the collection of statistics or for the examination of wagons (for customs purposes) are more or less obligatory. Royalties and compensations are payable to various States and Governments; some of them are fixed sums while others depend on clearances. Expenditure on "manufacture, excavation and despatch" and "purchase, conveyance and storage" directly affects revenue; the scope for genuine reduction of expenditure on these items is restricted. The obligatory expenditure amounts to 49.33 lakhs and "expenditure yielding revenue" to 21.23 lakhs. The budget provision genuinely amenable to retrenchment is thus reduced to 53.56 lakhs plus a part of the 21.23 lakhs.

(8) *Board's action and proposals.*—(i) The Board has given effect to an old idea and abolished the post of the Deputy Commissioner of N. I. S. R. and converted the post of a Personal Assistant to the Commissioner into that of a Secretary on a higher special pay. (ii) Various vacancies were left

unfilled and certain minor economies effected, in the various salt departments. (iii) The Board also offered to explore the possibility of amalgamating the duties of local heads of central revenue departments, e.g., those of Collectors of Salt Revenue in Bombay and Madras with those of the respective Collectors of Customs. All this was estimated to yield a saving of 6·20 lakhs in the 1931-32 budget. But the genuine permanent reduction of expenditure would have been only 1·66 lakhs, so far as we can estimate it.

Subsequently the Board has offered the following savings, viz., (i) 4½ lakhs under pay, allowances and contingencies, (ii) 1 lakh under works, (iii) 2½ lakhs under supplies and services including salt purchase and freight, (iv) ½ lakh under depreciation charges and interest on capital. Total 8·75 lakhs.

The savings offered under works amount, to a certain extent, to the mere postponement of inevitable expenditure and those under (iv) are due mainly to the revaluation of assets. On our proposals the savings are appreciably larger. Hence, we cannot recommend the acceptance of the Board's offer. We shall, however, take account of each item of the offer in the relevant portions of our proposals.

(9) *Our proposals* :—

A.—N. I. S. R. DEPARTMENT.

(i) After a careful consideration of the *pros and cons* we have come to the conclusion that the post of Commissioner, N. I. S. R., and his office should be abolished.

His duties are, broadly speaking, two-fold, (i) general control and supervision over the work of the two manufacturing divisions and (ii) supervision over preventive work over almost the whole of Northern and Central India. As regards the first, we observe that a well-paid and qualified staff is already maintained (*vide* paragraph 3-ii). Manufacture being concerned with technical processes, all supervision from a distance must tend to become largely formal and financial; in other matters it must, to a large extent, involve duplication. The Commissioner and his officers were no doubt useful institutions when the salt policy, viz., monopoly and concentration in Northern India, had to be given effect to and preventive work was necessarily a very important element in that policy. But the monopoly as well as the concentration of manufacture are now accomplished facts, and the need for an officer of a high status is no longer what it used to be.

On this important question we examined Sir Chunilal V. Mehta, K.C.S.I., under whose Chairmanship the Salt Survey Committee recently enquired into the feasibility of developing the salt sources in the Salt Range, Rajputana, Sind, etc. It is true that that Committee did not directly examine the question whether the post of the Commissioner and his office should be retained or not. But it had, in fact, an opportunity of studying the utility of that office as an intermediate link between Khewra and Sambhar on one side and the Central Board of Revenue on the other. Sir Chunilal V. Mehta's opinion is that if the manufacturing divisions are in charge of fairly good men, the Commissioner's post and his office are not needed, even after taking into account the need for staff in connection with the development schemes contemplated by his Committee. He has naturally qualified his view by adding that his Committee had no concern—direct or indirect—with preventive work; but, in other respects, it is an unqualified opinion. We may now deal with the bearing of preventive work on the need or utility of the Commissioner's office.

Article 20 of the Irwin-Gandhi agreement relating to the manufacture and sale of salt for local needs (App. I, page 42) renders intensive preventive work in the interests of Salt Revenue less important in future. It is a relic of the old days and its value has declined considerably all over India. In any case we cannot see the reason for maintaining a small special staff for preventive work over almost the whole of Northern and Central India. In the nature of things, an arrangement like this must be inefficient and wasteful, unless the work to be done by it is very light. Preventive work can be looked at from two points of view, *viz.*, salt revenue and law and order. If the former is a central subject, the latter is definitely a provincial one, and Local Governments should be charged with its administration. In our opinion they alone with their widespread police, excise and revenue organisations embracing every inhabited site can be in the best position to look after the illicit manufacture of salt or its smuggling-in without payment of duty. This in fact is the position in Bengal, Sind and over a considerable part of Bihar and Orissa. Even if the Local Governments of the provinces concerned have to be paid for the preventive work to be made over to them, we hold that from the point of view of the tax-payer in general it will be a cheaper arrangement.

The Central Board of Revenue also told us in reply to our questionnaire that "apart from the question of adjustment between the central and provincial governments, it may still be economical to the tax-payer as a whole to have preventive work performed as a part-time function by excise staff which is already employed in the areas concerned"—(*vide* appendix II, page 42, in which the reply is quoted *in extenso*).

Thus, our considered conclusion is that the Commissioner's office is now an anachronism. We understand that the question of its abolition was at one time considered in the Finance Department. We definitely recommend that it should be abolished. The Commissioner's powers should, broadly speaking, be delegated to the general managers of Khewra and Sambhar. As suggested by Sir Chunilal Mehta, the *present* general manager of Khewra might be placed in technical supervisory charge of Sambhar and Pachbadra and be constituted the Central Board of Revenue's technical adviser on salt questions. If our recommendation is accepted, we think the Central Board of Revenue should continue to consist of two members, and should take over up to about half of the establishments and of the provisions for allowances and contingencies.

Incidentally we may mention that in our view the only remaining important manufacturing centre in India, *viz.*, Kharaghoda should also be placed in charge of a responsible officer, *e.g.*, the Assistant Collector of Salt Revenue in charge of land customs work at Viramgam which is only a few miles from Kharaghoda. Such officer should, in matters relating to Kharaghoda, be invested with the present powers of the Collector of Salt Revenue, Bombay, and should be empowered to deal direct with the Central Board of Revenue.

(ii) Further, we think a ten per cent. reduction should be made in (1) the provisions under the head "manufacture" after excluding the item "manufacturing and excavation charges", (2) weightment *minus* despatch charges, (3) stores and workshop establishments and (4) medical establishment. We may add that our proposal is not essentially different from the Board's own offer of nearly 10 per cent. on pay, allowances and contingencies. We estimate a saving of 78 lakh. We should here add since the salt manufactured or mined by Government is sold at cost price, the receipts from salt will also be affected when the cost of the production decreases. But such an adjustment takes time; meanwhile the reduction in expenditure will be reflected *in toto* in the civil estimates. In this connection sub-para (iv) may be seen.

(iii) We estimate a further saving of about 1·89 from the abolition of the special preventive establishments in the N. I. S. R. Department, as proposed by us in sub-paragraph (i). We reckon that Local Governments will, on the analogy of Bengal and Bihar and Orissa, have to be paid something as an inducement to take up such work and that possibly half of the present expenditure on the pay and allowances of the staff and on genuine contingencies is all the saving that can be expected. Such an arrangement should in no case prove more costly than the present one, since the Government of India can point to the fact that even a special establishment can be maintained for about 4 lakhs on a scale reasonably sufficient for the work entrusted to it.

(iv) We observe that in the case of Sambhar overhead charges (excluding royalties, etc.) amounted to 21·44 and 16·86 pies as against 9·9 and 8·9 pies at Kharaghoda in 1928-29 and 1929-30 respectively. Sambhar is a bigger manufacturing unit and in most other respects conditions at Sambhar are not less favourable to economical production than at Kharaghoda. Hence we are constrained to observe that we consider the production at Sambhar unduly costly. The staffs at Sambhar as well as Khewra, etc., appear to us to be both excessive and unduly expensive. We know that under the present policy it is the consumer who has to pay the price, whatever it might be. But we think there is no reason why the consumers' interests should not be furthered by all practicable means. We therefore think this question should be carefully investigated by the department and every effort be made to reduce "overheads" at Sambhar to as near the Kharaghoda level as practicable. Since under the accepted policy of developing the Northern India Salt Sources, the output at Sambhar and Pachbadra is likely to be increased, the cost of production per maund should go down still further. We have only to add that this view has been confirmed by Sir Chunilal Mehta.

(v) On our proposals the savings after allowing for a ten per cent. reduction of the deduction for "probable savings", and leaving out possible savings under "works", "contribution to depreciation fund" and "interest charges" to be accounted for under the salt grant as a whole, will be 3·47 lakhs.

B.—MADRAS.

(vi) On the analogies of the combination of income-tax and opium work in the U. P. and of income-tax and salt work in Burma we hold that it should not be difficult to abolish the post of the Collector of Salt Revenue, Madras, after making over his duties to the local Collector of Customs. In fact, the Central Board of Revenue have such an arrangement already in view. Including the provision for passages this proposal will yield a saving of Rs. 26,300.

(vii) In any case, the special pay of Rs. 200 per mensem for the C. S. R., Madras, should be abolished. We observe that the C. S. R., Bombay's duties are heavier and more varied. The numbers of officers and establishments controlled are far larger and the grant administered is bigger by about 50 per cent. He has an important manufacturing centre, viz., Kharaghoda, to supervise; Madras has nothing corresponding to it. He also does customs, lighthouses and minor ports and land customs work; these duties have no counterpart in the case of the C. S. R., Madras. And yet we note that the C. S. R., Bombay, gets no special pay.

(viii) In case, however, the post is retained, the number of Assistant Commissioner's posts should be reduced to three by the abolition of the post of Secretary to the Collector.

(ix) The Central Board of Revenue offered about ten per cent. on pay, allowances and contingencies; we propose a ten per cent. reduction in the provisions for (a) Inspectors, (b) Establishments, (c) Allowances, (d) Supplies and Services and (e) Miscellaneous contingent expenditure. Allowing for a reduction of the deduction to be made for "probable savings", we estimate a saving of .97 lakh from the proposal in this sub-paragraph.

(x) Leaving out savings under "Works" and "Salt purchase and freight" for the present, the total savings in the Madras Salt Department will, on our proposals, be 1.23 lakhs.

C.—BOMBAY.

(xi) The feasibility of amalgamating the duties of the Collector of Salt Revenue with those of the Collector of Customs should be considered. As the Bombay Customs Department is one of the two heaviest customs charges, we refrain from making a positive recommendation. In case the post is retained, the number of Assistant Collectors should be reduced from seven to five; otherwise, from seven to six. For purposes of an estimate of savings we shall assume the former. Savings will be .20 lakh.

(xii) The Bombay Salt Department is, so far as we are aware, unique in possessing an expensive Chief Accounts Officer. We see no reason why arrangements which are good enough for the other provinces should not suffice for Bombay. This post should therefore be abolished, saving Rs. 7,800.

(xiii) Action more or less on the lines of the Central Board of Revenue's offer to reduce the provisions for pay, allowances and contingencies by about ten per cent. would yield savings of 2.43 lakhs as below:—

(a) Establishments	1.91
(b) Further reduction in the provision for "bad climate allowance"	.09
(c) Allowances	.24
(d) Supplies and Services except payment to Railways for the collection of statistics and for the detention of wagons for customs examination	.10
(e) Contingencies except the provision for the amelioration of the condition of <i>agarias</i> (salt makers on a small scale)	.09

(xiv) Leaving out possible savings under "works" and "salt purchase and freight" and making a reduction of Rs. 1,000 in the deduction for "probable savings" under "pay of officers" our proposals will yield a saving of 2.70 lakhs.

D.—SIND.

(xv) Both salt and customs work at Karachi is light and can be amalgamated in charge of the Collector of Customs. No extra emoluments need be paid. The Superintendent's post should therefore be abolished, saving Rs. 7,200.

(xvi) A ten per cent. cut on the provision for establishments, allowances, supplies and services and contingencies and the abolition of the provision of Rs. 3,100 (on the general ground that staff recruited for work at a particular centre or centres should not be given house-rent, compensatory local and similar allowances) will yield savings of Rs. 5,870.

(xvii) Total savings, excluding those under "works" and "salt purchase" will be .13 lakh. Besides, now that Sind has a separate salt department at Karachi, the most important centre of the salt industry in Sind, an attempt should be made to get some reduction in the contribution payable to the Government of Bombay in respect of their combined salt and excise staff.

E.—ADEN.

(xviii) There are only six guards and servants and the total provision for their pay is only Rs. 1,800. Including allowances, contingencies and works the total 1931-32 provision for Aden is only Rs. 3,000. Since under the accepted scheme for the development of the Aden salt industry some expansion is probable, we think no reduction in the budget should be made.

F.—BENGAL.

(xix) The 1931-32 grant includes a provision of .91 lakh for special establishments, viz., 19 executive subordinates, clerks, etc., and 59 servants. A ten per cent. cut on the pay and on the controllable portions of supplies and services and contingencies and the abolition of house-rent and other allowances will yield a saving of Rs. 5,480.

G.—BURMA.

(xx) In the case of the Commissioner of Income-tax, U. P., we have recommended that what, in effect, amounts to a special pay of Rs. 25 should be abolished. Since the salt duty in the case of the Commissioner of Income-tax, Burma, is much lighter than the opium duty in the U. P. and even income-tax work is not amongst the heaviest in India, we must recommend the abolition of the special pay of Rs. 200 per mensem drawn by the Commissioner of Income-tax, Burma.

(xxi) In our opinion the Commissioner can easily look after salt work in addition to his income-tax work, if suitable arrangements are made to provide him with assistance as regards office supervision. The post of Collector of Salt Revenue is superfluous and should be abolished. Saving Rs. 13,700.

(xxii) A ten per cent. cut on the provisions for the pay of establishments, travelling allowances, supplies and services (excepting salt purchase and freight) and contingencies (except rents, rates and taxes) and the abolition or serious curtailment of house-rent and other allowances will yield a saving of about .15 lakh.

(xxiii) On our proposals the total savings in Burma will be .31 lakh.

H.—GENERAL FOR ALL SALT DEPARTMENTS.

(xxiv) To the savings shown by us in detail in the preceding sub-paragraphs may be added the savings proposed by the Central Board of Revenue, viz., 1 lakh under works, 2.50 under supplies and services and under salt purchase and .75 under depreciation charges and interest. Total 4.25 lakhs.

NOTE.—The Board had included the savings contemplated by it on supplies and services in this figure, but we have restricted the figure to salt purchase and freight and have taken a separate account of the savings from supplies and services other than salt purchase and freight. The provisions for salt purchase and freight and manufacturing and excavation and despatch charges being substantial amounts, we think there should be little difficulty in giving effect to our proposals in this sub-paragraph.

(10) *Summary of savings.*—On our proposals the reduction of expenditure for purposes of the 1932-33 budget will be 7.89 [paragraphs (1) to (xxiii) plus 4.25 (paragraph xxiv)] lakhs. Total 12.14 or, in round figures, 12 lakhs.

It may also be possible to get the Local Governments of Bengal, Bihar and Orissa, etc., to accept lower contributions for "agency" work, the reasons being the decline in the importance of preventive work and the probable reductions in the scales of pay in force in the provinces and in the Local Governments' expenditure in general.

Reference—Paragraph 9 (i).

APPENDIX I.

ARTICLE 20 OF THE IRWIN-GANDHI SETTLEMENT OF MARCH 1931.

“ Government are unable to condone breaches of the existing law relating to the salt administration nor are they able in the present financial condition of the country to make substantial modifications in the Salt Acts.

For the sake however of giving relief to certain of the poorer classes, they are prepared to extend their administrative provisions, on lines already prevailing in certain places, in order to permit local residents in villages immediately adjoining areas, where salt can be collected or made, to collect or make salt for domestic consumption or sale within such villages, but not for sale to, or trading with, individuals living outside them.”

APPENDIX II.

Extract from paragraph 2 of the Central Board of Revenue's reply to our questionnaire :—

“ Preventive work is at present done for the Government of India in connection with salt by provincial establishments in Bengal, Bihar and Orissa and Sind. The Board proposes to undertake an examination of the cost of having this work done by separate establishments working under the Collector of Customs or some other local head of a department under the Board. When this examination is concluded, it may show that the present arrangement is the most economical to the central revenues ; otherwise, we shall have still to choose between maintaining a separate central staff or using the results of the enquiry to induce the local Governments to accept a lower contribution towards the cost of their own staff which does the work. It will be clear that, apart from the question of adjustment between the central and provincial governments, it may still be economical to the tax-payer as a whole to have preventive work performed as a part-time function by excise staff which is already employed in the areas concerned.”

Statement showing expenditure on and receipts from Salt.
Reference—Paragraph (4).

(The figures are in lakhs of rupees.)

EXPENDITURE.

	Actuals, 1924-25.	Actuals, 1925-26.	Actuals, 1926-27.	Actuals, 1927-28.	Actuals, 1928-29.	Actuals, 1929-30.	Revised, 1930-31.	Budget, 1931-32.
CHARGES IN INDIA.								
NORTHERN INDIA SALT REVENUE DEPARTMENT.								
Working expenses :—								
Direction	1'35	1'30	1'37	1'24	1'28	1'45	1'38	1'21
Manufacture	10'85	12'63	11'60	14'19	14'05	15'49	15'56	14'53
Weighment		1'23	'69	1'39	3'58	3'32	3'41	3'29
Stores and Workshop Establishment	'00	'29	—'51	—'00	—'80	—'64	—'76	—'81
Medical Establishment	Nil	'29	'26	'27	'26	'27	'30	'27
Contribution to Depreciation Fund.	2'60	2'54	2'66	3'64	2'92	2'76	2'64	2'64
Cost of Accounts and Audit	'31	'49	'53	'56	'63	'60	'53	'54
Pensionary charges	Nil	'80	'80	'78	'79	'79	'62	'62
Preventive establishment	3'89	3'74	3'69	3'94	3'92	4'04	4'19	4'06
Interest on capital	3'01	3'72	3'89	4'03	4'97	4'38	4'78	4'74
Compensations	10'52	34'25	32'26	35'03	53'59	33'75	32'35	31'54
Capital Outlay	7'20	7'18	4'80	'50	'58	1'12	'71	1'02
Deduct—Probable savings	Nil	Nil	Nil	Nil	Nil	Nil	Nil	—'30
Miscellaneous	—'18	Nil	—'10	Nil	Nil	Nil	Nil	Nil
Total—N. I. S. R. Department	65'65	63'49	61'94	64'57	65'77	67'33	65'66	43'35
MADRAS.								
Direction	10'54	10'54	10'40	10'51	10'29	10'45	10'87	11'26
Salt purchase and freight	4'04	3'72	6'66	4'77	'97	1'86	2'41	3'85
Works	2'80	2'98	3'34	3'39	3'62	2'91	2'80	2'56
Compensations	4'87	4'89	4'88	4'83	4'87	4'87	4'83	4'83
Deduct—Probable saving	Nil	Nil	Nil	Nil	Nil	Nil	—'30	—'85
Total Madras	22'25	22'13	25'23	23'55	18'75	20'10	20'16	21'70
BOMBAY.								
Direction	22'29	23'48	23'00	24'01	24'39	25'54	25'93	25'37
Establishment paid to or received from other Governments, etc.	'48	'50	'49	'50	'62	'63	'66	'64
Salt purchase and freight	10'43	6'53	6'24	5'44	6'05	6'43	7'75	6'06
Works	Nil	'88	'88	'97	'99	'62	1'01	'61
Compensations	'79	'93	'84	'91	'84	'89	1'18	'87
Total Bombay	33'99	32'32	31'45	31'83	32'89	34'15	36'56	33'64
BENGAL.								
Direction	1'02	1'02	'94	'99	1'17	'91	'95	'91
Establishment charges paid to or received from other Governments, etc.	2'00	2'00	2'00	2'00	2'00	2'00	2'00	2'00
Compensations	'20	'20	'20	'20	'20	'20	'20	'20
Total Bengal	3'22	3'22	3'14	3'19	3'37	3'11	3'15	3'11

Statement showing expenditure on and receipts from Salt—contd.

(The figures are in lakhs of rupees.)

EXPENDITURE—contd.

	Actuals, 1924-25.	Actuals, 1925-26.	Actuals, 1926-27.	Actuals, 1927-28.	Actuals, 1928-29.	Actuals, 1929-30.	Revised, 1930-31.	Budget, 1931-32.
CHARGES IN INDIA—contd.								
BURMA.								
Direction	'64	4'94*	1'53	1'53	1'33	1'53	1'53	1'66
Total Burma	'64	4'94	1'53	1'53	1'33	1'53	1'53	1'66
BIHAR AND ORISSA.								
Establishment charges paid to other Governments	'76	'76	'76	'76	'76	'76	'76	'76
Total Bihar and Orissa	'76	'76	'76	'76	'76	'76	'76	'76
ASSAM.								
Direction	'01	'01	'01	'01	'01	'01	NG	NG
Total Assam	'01	'01	'01	'01	'01	'01	NG	NG
CHARGES IN ENGLAND.								
Leave salary, deputation pay and sterling overseas pay and stores	'63	'28	'48	1'57	'90	1'03	1'02	1'03
Exchange	'25	'09	'16	NG	NG	'01	NG	NG
Total England	'88	'37	'64	1'57	'90	1'04	1'02	1'03
GRAND TOTAL	1,27'40	1,32'24	1,34'75	1,37'01	1,28'63	1,28'03	1,37'65	1,26'19

* Includes adjustments in respect of previous years.

REVENUE.

Northern India Salt Revenue Department	1,07'06	1,27'47	1,57'41	1,64'56	2,43'72	1,52'64	1,48'23	1,62'57
Madras	1,89'92	1,47'59	1,43'01	1,44'55	1,47'55	1,47'45	1,42'90	1,47'84
Bombay	1,73'24	1,52'20	1,53'44	1,53'91	1,56'11	1,57'84	1,56'59	1,54'93
Bengal	2,35'91	1,71'64	1,76'78	1,63'75	1,76'02	1,84'09	2,04'43	2,03'12
Burma	32'81	34'05	34'16	36'39	34'52	34'43	32'55	34'53
Bihar and Orissa	NG	'01	'01	'01	NG	'01	'01	'01
Assam	'01	'01	'01	'01	'01	'01	Nil	NG
Total	7,39'05	6,33'67	6,69'82	6,63'18	7,59'93	6,76'46	6,36'06	7,06'00

CHAPTER IV.

GRANT No. 19.—OPIUM (73·63 lakhs).

(1) *Explanation of the grant.*—The opium budget for 1931-32 is 73·63 lakhs. It may be set out as follows :—

	Lakhs.
(i) Purchase of old stocks of opium in Mewar State	7·30
(ii) Payments for special cultivation in Malwa	27·00
(iii) Payments to cultivators in the United Provinces	27·97
(iv) The Opium Factory at Ghazipur	4·21
(v) Superintendence and other establishments in the United Provinces	5·46
(vi) Miscellaneous charges at Calcutta	·05
(vii) Establishment and other charges elsewhere	·08
(viii) Compensations (·09 in Bengal, and ·46 to some States)	·55
(ix) High Commissioner (·04 stores plus ·97 establishments*)	1·01

(2) *Opium Policy and Revenue Prospects.*—As regards British India the Government of India exercise a monopoly of cultivation and manufacture of opium. A compensation of Rs. 9,000 is paid to the French Government in consideration of the surrender of the right to cultivate opium in Chandranagar (Bengal). The policy *vis-a-vis* the Indian States varies. In consideration of the surrender of the right to cultivate opium, compensations aggregating ·46 lakh are paid to some States (in Kaira, Ahmedabad and Banaskantha). Outside British India the tracts suitable for opium cultivation in India are Malwa and Mewar. Some of the Malwa States (*e.g.*, Sitamau) depend on opium cultivation for a considerable share of their public revenues. The present policy of Government is to give certain States a share in the internal market for Indian opium and thus to lead up to a closer control over their production of opium. Malwa opium is rather cheaper than "Benares", *i.e.*, U. P. opium. An important decision taken in 1930 was to buy up old stocks of opium in the Mewar State; this commits Government to an expenditure of over 72 lakhs spread over ten years. The object underlying it was to secure control over opium produced in Mewar and suppress its smuggling into British India and the Far East. The opium so purchased is cheaper than "Benares" or Malwa opium. It is to be disposed of at cost price for consumption in the States.

Under India's ratification of the Opium Convention of 1925 the exports of opium (called "provision" opium) to the Far East, where it is largely used for smoking, are being reduced and, except for medical and scientific uses, will come to an end after 1935. "Provision" opium is supplied at a profit. "Excise" opium is meant for consumption in India and will continue to be manufactured at Ghazipur for supply at cost price to the excise departments of the provinces and administrations and also those of some Indian States (*e.g.*, H. E. H. the Nizam's). As regards opium for medical and scientific uses, Indian opium has already lost ground rapidly owing to its comparatively low and perhaps also decreasing morphine content.

(* *Note.*—The establishment charges consist of leave salaries and deputation allowances and sterling overseas pay. They are included in the Indian budget estimates because the accounts are commercialised.)

(3) *Functions*.—The Opium Department arranges for the cultivation of poppy in the United Provinces and for the purchase of opium produced in Malwa and of stocks of opium held in the Mewar State. At Ghazipur the crude opium is manufactured into "provision", "excise" and "medical" opium.

(4) *Organisation*.—The Opium Department is under the administrative control of the Central Board of Revenue. The Opium Agent's post carries a pay of Rs. 2,500—100—3,000 plus £13/6/8 Overseas Pay and is reserved for the I. C. S. There used to be a full-time Opium Agent, but since 1924 the Commissioner of Income-Tax, United Provinces, works also as Opium Agent; the Income-Tax and Opium Departments share the cost of his pay and allowances equally.

Expenditure on "superintendence" in the United Provinces also includes the cost of—

- (a) a Superintendent of gazetted rank (Rs. 520—20—660) and 19 clerks and 11 servants at headquarters, and
- (b) 22 "District" Opium Officers, 113 clerks and 274 servants in the districts of the United Provinces.

The old cadre of District and Assistant Opium Officers is on the scale Rs. 750—50—1,000—100—1,400*. But the policy now is to recruit officers of the Provincial Civil Service, U. P. and give them a special pay of Rs. 50 and for work as District Opium Officers Rs. 100 p.m. over their pay as Deputy Collectors. The 1931-32 provision for the pay of the twenty-two District and Assistant Opium Officers is 1.81 lakhs and for that of the district establishments 1.43 lakhs.

For the Opium Factory there are (a) a Managing Director (on Rs. 1,250—50—1,500 plus £30 O.P.), (b) a Factory Superintendent and Assistant Superintendent who, in addition to their pay, are paid factory allowances of Rs. 250 and 150 p. m. respectively, and an Opium Chemist (on Rs. 600—50—1,200). The Factory establishment of 195 (inclusive of 140 servants) consists of chemists, engineers, medical officer and clerks and including .22 lakh for temporary establishments costs 1.12 lakhs.

A scheme costing Rs. 2,000 was recently sanctioned for research on opium alkaloids as a part of the measures for retaining India's position in the world market for medical and scientific opium.

Lastly, mention should be made of the Excise Commissioner for Rajputana and Central India whose cost is borne on the Foreign and Political Department estimates but whose duties are mainly concerned with opium.

(5) Expenditure, receipts and net revenue.—

	1918-14.	1922-23.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
Expenditure . . .	152.44	186.61	235.57	211.47	100.44	87.01	54.95	43.81	75.24	73.63
Receipts . . .	249.35	378.92	379.76	415.00	432.14	394.52	326.59	304.10	282.60	315.58
Net Revenue . . .	90.91	192.31	144.19	203.53	332.70	307.51	271.64	255.29	187.26	141.95

The opium accounts are now maintained on a commercial basis. According to the accounts for the year ending 30th September 1929 the fixed assets stood at 16.01 and the floating assets at 203.02 lakhs.

* For officers of non-Asiatic domicile the scale is Rs. 650—50—700—50/2—800—100/2—900—900—950—100/2—1,150 plus overseas pay.

19.30 lakhs was surrendered in February and March 1930 due to lower outturn.

It will be seen from paragraph (2) that the policy underwent a radical change in 1925, and necessitated a reduction in the outturn of opium. Hence, comparisons with the figures of any year before 1925-26 are not of much use. Even after 1925-26 they are not easily comparable.

(6) *Nature of the opium budget.*—If the provision for the purchase of opium and opium stocks, compensations and contribution to the Municipal Board of Ghazipur be left out of account, the nominal grant of 73·63 is reduced to 10·81 lakhs as below :—

(i) Pay of officers and establishments (6·48) and allowances, etc.		
(·85)		7·14
(ii) Supplies and Services (2·27) and Contingencies (·75)	:	3·02
(iii) Works (·54), stores (·04) and other charges (·07)	:	·65

The Central Board of Revenue rightly argues that this portion of the budget is the only one susceptible of any reduction. At first it offered a reduction of Rs. 47,540 of which only Rs. 27,410 represented genuine permanent reduction. The Board now hopes to realise a saving of ten per cent. on the opium grant excluding the provisions for the Purchase of Opium and Supplies and Services, i.e., heads D and E excluding Supplies and Services. This saving would amount to ·75 lakh, i.e., to 7 per cent. of the 10·81 lakhs mentioned above.

(7) *Our proposals.*—(i) In view of the lightness of income-tax work in the United Provinces we do not see sufficient reason why the Commissioner should get the higher scale prescribed for the Opium Agent at a time when opium revenue was much larger than it now is. In effect, this amounts to an extra special pay of Rs. 250. It should be abolished. Savings will be Rs. 3,000.

(ii) We observe that the Opium Agent's office has an expensive Superintendent. This post should be reduced to that of a Head Assistant on about Rs. 250 to Rs. 350. Savings will be Rs. 4,000 to Rs. 5,000.

(iii) We see no justification for the continuance of the *exceptional* amenity which opium officers at Ghazipur enjoy (*viz.*, free medical attendance on their families) and which costs Government Rs. 100 p.m. by way of an allowance to a medical officer at Ghazipur. We recommend that it should be cut out. Savings will be Rs. 1,200.

(iv) The policy of scattered cultivation in the United Provinces with the object of keeping up various nuclei which could be expanded for opium cultivation should be given up immediately and the number of divisions be reduced from 14 to 9. The present cost of superintendence in the fourteen divisions is 4·84 lakhs. We estimate that our proposal will yield a saving of one lakh. It also renders it unnecessary for us to examine the district staffs in detail with a view to possible reduction. But, we must urge the need for selecting the senior officers for retirement.

(v) The Incheape Committee had recommended the abolition of the post of the Managing Director. In fact, the Opium Agent's post was converted into a part-time one by amalgamating his duties with those of the Commissioner of Income-Tax, U. P., and the Managing Director's post was left untouched. In our opinion the following remarks of that Committee are applicable even to-day, possibly with greater force :—

"The appointment of Managing Director, costing Rs. 18,000, did not exist in 1913-14, but was introduced during the war for a special purpose, namely, to develop the production of opium alkaloids, for which at that time there was a considerable demand. We understand that this demand has now practically disappeared and we recommend that the appointment be abolished."

We further observe that from the point of view of income-tax work the United Provinces is a light charge. We do not agree with the Central Board of Revenue that the Managing Director's post cannot be abolished so long as the head of the department is the Commissioner of Income Tax. We note that the present Managing Director has already put in over 33 years of service and is over 55 years of age. We recommend that the post should be abolished forthwith. Savings will be Rs. 18,200 plus 4,800 (O. P.)* = Rs. 23,000.

(vi) The factory allowances of Rs. 250 to the Factory Superintendent and of Rs. 150 to the Assistant Factory Superintendent are altogether too liberal. Special pay was sanctioned for the factory charges long before 1913-14, and the amounts remained unvaried, at least since 1908. The factory is no longer the heavy charge it must have been when opium revenue was, at least comparatively, a much larger source of central revenues than it now is. With the gradual reduction of the manufacture of provision opium the charge will be lighter still. We have also to bear in mind the amenities available at Ghazipur. In the light of all these considerations we see no justification for retaining the factory allowances. The concession of rent-free quarters should prove a sufficient attraction to the officers selected for factory superintendence. But, since we are going to propose that this concession be abrogated, we propose that the factory allowances should be reduced to the equivalent of house-rent at 10 per cent. and should not be paid, if rent-free quarters continue to be provided. Savings will be Rs. 4,800.

(vii) We do not see why the Opium Department should have such a costly Chemist. The present Chemist was appointed in 1915 when opium alkaloids were needed for the war. We were told by the Central Board of Revenue that the question of abolishing the post is under its consideration. We think it should be abolished. We would, however, suggest that the present incumbent of the post should, if possible, be absorbed somewhere, specially in work requiring the services of an applied or an industrial Chemist, e.g., in Customs Chemical Work.

(viii) The cost on account of the pay of officers and of establishments at the Factory has not only not gone down but has even gone up slightly in spite of the adoption of the policy of extinguishing exports. We are not satisfied with the Opium Agent's view, as the result of his enquiry in 1930, that there was no scope for retrenchment. As regards officers we have made detailed proposals. We recommend that factory establishment also should be reduced by one-tenth so as to save Rs. 12,000.

(ix) Three individual officers get a personal allowance of Rs. 100 p.m. (subject to the maximum of their time-scale) as a reward for war services. We think the need for continuing them should be scrutinised aresh. We consider such allowances objectionable in principle and specially so at a time of such acute financial stress.

(x) We are not satisfied that any special pay should be necessary to attract provincial service men into the Opium Department. We hold that the practice of treating service in departments other than the land revenue departments as so onerous or special as to deserve special pay is altogether out of date and even unfair to the regular provincial services. We recommend that in future no such special pay should be offered. If experience proves that the right type of officers is not being attracted into the Opium Department, the special pay might be revived.

* Included in our calculation, because the accounts are "commercialised".

(xi) The practice of re-employing pensioners on temporary posts at rates of remuneration equal, or almost equal, to full pay prior to retirement *minus* pension should be discouraged. Younger men should get the chance. Our proposals will yield small savings, but they cannot be calculated.

(xii) In addition to the reduction involved in our proposal in sub-paragraph (i) the provision for travelling allowances for the district opium staffs (·64 lakh) should be reduced by Rs. 8,000.

(xiii) The provisions for Supplies and Services and Contingencies for the Factory as well as for the district staffs should be curtailed so as to save Rs. 25,000.

(xiv) The provision of ·54 for "works" should, for the present, be reduced to ·30. Actual cost in 1929-30 was ·30.

(xv) The concession of rent-free quarters should be abrogated for every member of the staff. We estimate that the additional revenue will be a considerable amount—perhaps, not below ·06.

(xvi) It is understood that the Factory plant is capable of generating electricity in excess of the factory requirements. If it be supplied to staff quarters and the adjacent localities, at rates generally in force in similar stations in the U. P., we estimate that Government should derive an additional *net* revenue of about ·05 per annum.

(xvii) When the present agreement with the French authorities at Chandranagar expires at the end of 1932, opportunity should be taken to persuade them to surrender their rights under the Treaty of 1815 without compensation with effect from the year of complete stoppage of the export of "provision" opium. As regards the Indian States to whom compensations are paid at present similar action should be taken.

(8) *Summary of savings and of additional revenue.*—On our specific proposals the reduction of expenditure will be 2·21 lakhs and additional revenue of ·11 lakh will also accrue. Some other savings cannot be calculated.

CHAPTER V.

SECURITY PRINTING AND CURRENCY NOTE PRESSES, NASIK (39·43 lakhs).

(1) *Explanation.*—The gross expenditure on these Presses does not figure in the civil estimates. The only places where, so far as we are aware, they are at all mentioned are in grants No. 20-Stamps and 88-Capital expenditure on the Nasik concerns. The former grant provides Rs. 5,000 for leave salaries of the officers and staff of the Presses. Grant No. 88 is a nominal grant for Rs. 1,000, as the net amount required for “capital” expenditure is a *minus* amount of 3·94 lakhs. In an indirect manner the Presses figure in the grant for Currency also, *viz.*, in the provision of 17·80 lakhs for the cost of currency note forms.

We have considered the question whether this commercial undertaking with its personal ledger account falls within our purview as a committee for retrenchment and we have come to the conclusion that it does. We have shown above that the civil estimates have to bear a part of the real gross expenditure of the Presses. A reduction of the cost of running them would be reflected in the cost of currency note forms and stamps. We have therefore scrutinised their affairs in the light of such information as we possess in the absence of detailed estimates set forth in the grants.

(2) *Functions.*—Their main functions are to manufacture and print currency notes, revenue and judicial stamps and postage stamps, post cards, etc. There is also a Central Stamp Store maintained in conjunction with the Security Press. Occasionally it is asked to print special stamp papers of extraordinary denominations. Prior to the establishment of these Presses currency notes and stamps used to be obtained from the Bank of England and from Messrs. Thomas de la Rue and Co. on contract.

(3) *Organisation.*—Finance Department is in administrative charge and the Master deals direct with that department. The Master's scale of pay is Rs. 2,000—200—3,000, *i.e.*, the same as that of the Mint Masters at Calcutta and Bombay. The present Master's actual pay is Rs. 3,000 *plus* a special pay of Rs. 675 and a compensatory allowance of Rs. 200. But this pay is personal to him. He is on extension of service up to 20th October 1932. To assist him there is a Deputy Master, whose actual emoluments including a special pay of Rs. 100, a compensatory allowance of Rs. 220 and overseas pay of £30 are Rs. 2,420. The pay of the Deputy Master's post has not yet been fixed and this pay is personal to the present incumbent. There is also a post of an Officer on Special Duty which is due to terminate in January 1932. His emoluments, are, pay Rs. 1,050, a special pay of Rs. 118·2·0 and overseas pay of £30. The non-gazetted staff consists of a Press Manager on Rs. 1,200—50—30—1,400 *plus* 10 per cent. compensatory allowance, an Engraver on the same scale, 11 Technical Supervisors on Rs. 400—40—600 *plus* 10 per cent. compensatory allowance, 11 Technical Junior Supervisors on Rs. 200—15—350—20—550, 4 Technical Assistant Supervisors on Rs. 100—10—150—15—300. The control staff consists of 2 Chief Supervisors on Rs. 750—50—1,000, 6 Junior Supervisors on Rs. 200—15—350—20—550 and 23 Assistant Supervisors on Rs. 100—10—150—15—300. There are also the usual clerical and accounting establishments, store-keepers and some watch and ward and inferior establishments.

(4) *Proposals.*—(i) In Part I of our Interim Report we said (paragraph 2 of Chapter III, page 14). “*Prima facie*, however, we are of opinion that the *gross* expenditure of this and of all other commercial undertakings

should be submitted to the Legislature in the usual way". We have been given to understand that while the gross expenditure is not incorporated in the Demands, it also does not receive the normal attention of even the Finance Department. So far as we can see, the rules under which this situation arises are *ultra vires* of the Government of India Act. We observe that the gross expenditure of some "commercialised" undertakings, e.g., the Railways, the Posts and Telegraphs Department, the manufacturing side of the Northern India Salt Revenue Department, is submitted to the scrutiny and control of the Legislature for the purpose of "grants", and we do not see why that of the Security and Note Presses should be treated as an exception. We therefore recommend that the gross expenditure should be included in the Demands for Grants for 1932-33 and future years.

(ii) We may here refer to a suggestion which has been made to us that taking into account the fall in prices it is doubtful whether Nasik is now producing as cheaply as the former contractors would have done. We do not consider this a cogent argument in favour of reverting to the former system, but it appears to us to indicate that this concern is perhaps not running as economically as it should do. We therefore recommend that Finance Department should undertake as early as possible a thorough examination on the spot of the expenditure at Nasik with a view to its reduction to a scale commensurate with India's needs and capabilities.

(iii) The scales of pay for many of the posts in these Presses appear to us unduly liberal. The annual increment of Rs. 200 in the case of the Master's post has its parallel only in the case of the two posts of Mint Masters on which it was presumably based; this incremental scale is exceptionally liberal. Many of the officers get not only the pay proper but also special pay and free quarters or compensatory allowances in lieu thereof. Whenever accommodation is provided at the public expense, we understand, it is on an unduly expensive scale. While we propose to deal with questions of pay at a later stage, we recommend, in accordance with the plan we have followed so far, that the entire system of special pays and free quarters or allowances in lieu thereof should be abrogated. Nasik is a very healthy station not very far from Bombay and provides all the amenities of a district headquarters. We can see no reason why compensatory allowances should be given or accommodation provided free. Rent should therefore be charged.

(iv) We have examined the "Civil" and the "establishments" lists. The staff appears to us to be excessive and confirms our *prima facie* impression that the management is not as economical as it might be and manufacturing costs are unduly high. We would in any case have recommended some reduction of the staff. But we take note of Government's decision to re-issue 25 per cent. of the currency notes received back into the currency offices instead of destroying them. We recommend that the supervisory staff—both officers and others—at Nasik should be reduced by 25 per cent. and the operative staff should be reduced as indicated in para. (5) below.

In this connection we are told that the present Master's extension is due to expire a year hence. We observe that as regards the normal "day to day" working neither Mint has a Deputy Master. We recommend that on the same analogy the Nasik Presses should, when the present Master retires, have no Deputy Master. The next highest officer can take charge when the Master is out of the station and he can officiate for the Master when the latter is on leave.

(v) The general fall of prices should also enable some economy, say 10 per cent., to be effected in the expenditure on stores and materials.

(5) *Summary of savings.*—Our proposals will yield savings of about 1½ lakhs on the two Presses. But so far as the budget position of 1932-33 is concerned, there will, on the whole, be a deterioration to the extent of about .25 lakh, as explained below separately for each Press.

(a) *Currency Note Press.*

On the "forecast" figures for 1931-32 we think, the gross expenditure should be reduced by about 3.25 lakhs, including a reduction of 25 per cent. in all supervisory charges. In this way we estimate that the reduced output will still yield a "profit" of about a lakh, which will improve the budget position by this amount as compared with the figures used by us in Chapter XIV on the Currency grant.

(b) *Security Printing and Stamp Dept.*

We consider that a 25 per cent. reduction of supervisory charges should be brought about, and steps should be taken to bring the "carry-over" of stocks to a minimum. The "off-take" for 1932-33 seems likely to be below the normal of recent years. We anticipate a gross "turn-over" of about 16 lakhs, and a gross "profit" of about 4 lakhs. Taking interest charges into account, the net "profit" seems likely to be about a lakh, resulting in a deterioration of the budget position by about 1½ lakhs.

CHAPTER VI.

GRANTS NOS. 27 TO 42.—GENERAL ADMINISTRATION.

(1) The following are the various grants for General Administration :—

- (i) the Staff, household and allowances of the Governor General.
- (ii) the Executive Council.
- (iii) the Council of State.
- (iv) the Legislative Assembly and Legislative Assembly Department.
- (v) the following regular departments of the Government of India, viz., (a) Foreign and Political, (b) Home, (c) Legislative, (d) Education, Health and Lands, (e) Finance, (f) Commerce, (g) Army and (h) Industries and Labour.
- (vi) the Reforms Office.
- (vii) the following attached offices, viz., (a) Public Information Bureau, (b) Intelligence Bureau, (c) the Public Service Commission, (d) Central Board of Revenue.
- (viii) Payments to provincial governments for their "agency" work on behalf of the Government of India.
- (ix) Separation of accounts from audit (in part.)

(2) In the first part of our Interim Report we have already dealt with grants Nos. 28—Executive Council, 32-B—Bureau of Public Information, 32-C—Intelligence Bureau and 41—Central Board of Revenue. By mutual agreement between the Army Sub-Committee and the General Purposes Sub-Committee the Army Department and Military Finance were left to be dealt with by the former. As regards the Foreign and Political Department, we intend to take it up at a later stage of our enquiry. The grant relating to the Separation of Accounts from Audit was, *ab initio*, within the purview of the Public Works, Accounts and Audit Sub-Committee. All the remaining grants under General Administration will be dealt with in this chapter.

(3) We have explained each grant separately. Wherever possible, we have given some historical, statistical and other information. Owing to the pressure under which our work has had to be performed we have not found it possible to work out adjusted and fairly comparable statistics showing the growth or decline of the staff and expenditure of each department and office, nor to trace in a comprehensive manner and in fair detail the various changes relating to the organisation and work in the Secretariat as a whole. Some information relating to this will, however, be found in Chapter I and in the individual grants.

(4) The only other matter to which we would refer here is the question of savings on account of our *proposal relating to the Delhi-Simla move. These have had to be worked out for the Secretariat as a whole rather than for each individual department or office.

Our proposal was that Government should take the necessary steps so that Secretariat departments could be left in Delhi all the year round, and that pending measures to render Delhi suitable for the accommodation of the Secretariat and attached offices and their staffs as many offices as possible, particularly the attached offices, should be left permanently at Delhi or at Simla.

*Paragraph 19, Chapter I, Part I of our Interim Report.

We have not had the detailed information, nor even the time, necessary to enable us to propose in every case whether a particular office or branch of an office should remain at Delhi or at Simla, or should remain migratory as at present. In certain specific cases, however (e.g., the Public Service Commission, the Imperial Council of Agricultural Research Department, the Archaeological Department), we have definitely proposed their permanent location at Delhi. We also understand that in one case, viz., the Indian Stores Department, Government have already issued, or intend to issue, orders to that effect. Provisionally therefore we have accepted the view that it would be reasonable to assume that taking the Secretariat and such of its attached offices as are under our purview, as a whole, one-third would on our proposals remain permanently at Delhi, one-third permanently at Simla and only the remaining one-third would continue for the present to be migratory. In the case of the staff of offices permanently located at Delhi or at Simla we recommend that house-rent and other allowances paid to ministerial officers should be examined and we consider that the present provision of 1.39 lakhs could be reduced by 20 per cent. This might be done by a revision of the existing code regulating such allowances. Further, on our hypothesis one-half of the provisions for hill journey allowances and hill journey charges would become unnecessary in 1932-33 and two-thirds with effect from a future date when Government find it practicable to work up to the provisional scheme contemplated by us.

In the absence of uniform details on the respective grants we have had, in some cases, to make our own estimates of what the present provisions are. In some cases we have left them unadjusted. The calculation is therefore approximate.

We may also add that we have left out the Army Department, since we have held that its problems including the question of locating it permanently at Delhi or Simla or keeping it migratory are not within our purview.

The following table shows the existing provisions for House rent and other allowances (Col. 1), Hill journey allowances (Col. 2) and Hill journey charges (Col. 3) and the approximate savings we estimate :—

	Rs.	Rs.	Rs.
Legislative Assembly Department	15,700	29,800	5,000
F. and P. Department	21,000	68,200	4,600
Home Department (Secretariat)	10,700	35,800	6,800
Director of Public Information . . . . .	..	1,000	1,000
Intelligence Bureau	16,000	10,000	5,500
Reforms	5,000	..	3,000
Public Service Commission	1,000	9,000	1,500
Education, Health and Lands Department <i>minus</i> Records.	9,000	52,000	6,000
Legislative Department	10,000	31,100	5,000
Finance Department (O. B.)	10,000	59,500	4,000
Commerce Department	9,800	34,000	2,600
I. and L. Department	7,300	50,000	4,200
Central Board of Revenue	23,700	..	10,000
Total	1,39,200	3,80,200	59,200
Ratio of savings	‡	‡	‡
Amounts of savings (in lakhs) . . . . .	.28	1.90	.30
Total savings (in lakhs)	2.48		

GRANT NO. 27.—STAFF, HOUSEHOLD AND ALLOWANCES OF THE GOVERNOR GENERAL (15·26 lakhs).

(1) *Explanation of expenditure and its variations.*—The expenditure on the Governor General's salary and sumptuary allowance and other heads has grown or decreased as below (the figures are in lakhs of rupees) :—

	1913-14.	1921-22.	1924-25.	1929-30.	1930-31.	1931-32.
Salary	2·51	2·29	2·51	2·51	2·51	2·58
Sumptuary allowance	·21	·40	·40	·40	·40	·40
Contract allowance (unaudited)	1·12	1·30	1·42	1·52	1·73	1·63
Motors and Conveyances (unaudited) . . . . .	..	·30	·30	·38	·42	1·41*
Private Secretary and his establishment	1·20	3·06	2·36	1·81	2·15	1·93
Military Secretary and his establishment	2·10	2·20	2·66	2·91	4·05	3·11
Tour Expenses	4·14	4·58	4·12	4·78	3·42	4·21
English charges on stores . . . . .	..	..	..	..	·12	..
Total	11·28†	14·13	13·77	14·31	14·79	15·26

The cost of some Viceregal establishments, *viz.*, band, bodyguard and personal staff is borne on the Army estimates. In addition, some expenditure is incurred in England, the figures for which cannot be separated from outlay debitabte to other minor heads of "General Administration".

Variations of expenditure since 1924-25.—(i) Contract allowance has gone up by ·21. This is largely due to the occupation of the New Viceregal House at New Delhi.

(ii) The maintenance of gardens is costing ·21 more than in 1924-25. This growth of expenditure is due partly to the transfer of ·09 from civil works and partly due to the occupation of the Viceregal House at New Delhi.

(iii) An increase of ·09 is due to the fact that customs duty is now levied on stores meant for the Viceregal household; they used to be admitted free in 1924-25.

(iv) Tour expenses are a fluctuating charge.

(v) Postage and telegram charges have gone down by ·40 and the aggregate effect of the variations of expenditure on minor items is to increase the expenditure by ·23.

(2) *Establishments.*—Apart from the staff borne on the army estimates (*viz.*, the band, bodyguard, Military Secretary and the personal staff) the Viceregal staff is divided into two branches controlled by the Private and the Military Secretaries respectively.

The Private Secretary's is the smaller branch and consists of a Private Secretary (I. C. S. scale *plus* a duty allowance of Rs. 250—the present incumbent is not an I. C. S. officer), an Assistant Private Secretary (800—40—1,200) and a Registrar (600—40—800). The establishment in this branch consists of 15 ministerial and 28 servants.

* Includes the inaugural grant of 1·06 lakhs for motor cars.

† In the Inchoape Report the figure is 10·63 lakhs.

The officers under the Military Secretary's control are a Comptroller of the Household (1,500—1,700), a Surgeon (1,850), a Superintendent of the Gardens (600—750), an Assistant Surgeon (500—900), a Personal Assistant (900—1,000) and a Registrar (600—800). The establishments in this branch consist of 20 ministerial, 39 servants, 28 medical and 8 for the gardens.

The following table analyses the estimated 1931-32 expenditure in each branch :—

	Pay of officers.	Pay of Establishment.	Allowances.	Presents and charities.	Postage, etc.	Supplies and Services.	Gardens.	Other contingencies.	Passages.
(1) Private Secretary .	·47	·70	·16	·04	·45	..	...	·10	·01
(II) Military Secretary .	·83	·89	·25	·06	..	·23	·68	·11	·01

(3) *Savings offered.*—(i) The Private Secretary has offered to abolish the posts of Senior Assistant and Treasurer (pay Rs. 450) and one stenographer. The resulting saving including that on allowances is estimated at about Rs. 15,000.

(ii) The Military Secretary has agreed to the following reductions, the savings being shown in brackets :—

- (a) Abolition of a post of Registrar (·10); (b) Supplies and Services (customs duty on stores) (·01); (c) Contract allowances (·06); (d) State conveyances (1·15) and (e) Tour expenses (·21), but the offer under (e) is provisional.

Of the reduction of 1·15 under State conveyances 1·06 is due to the omission of the inaugural grant provided in the current year, and ·09 is the permanent saving offered on two items, viz., (i) six carriage horses that were previously maintained for use in the State carriages have been transferred to the Bodyguard which was short of establishment by over six horses. Thus, their maintenance, while in no way increasing the Army Department expenditure, will not be a charge against State conveyances and motors. The saving under this head is Rs. 4,000. (ii) The reduction of five posts in the Viceregal stables and of one post of European chauffeur will result in a further saving of Rs. 5,000.

His Excellency the Governor General has also decided upon the reduction of the number of the A.-D.-Cs. from 6 to 5 and to effect a further reduction to 4 if experience of the Delhi and Calcutta seasons shows such reduction to be practicable. The saving, however, accrues in the military and not the civil estimates.

(4) *Our proposals.*—We greatly appreciate the savings spontaneously offered by His Excellency the Governor General and recommend that they be accepted.

(5) *Summary of savings.*—1·68 lakhs. Of this ·40 lakh is in the nature of a genuine permanent saving.

GRANT No. 29.—COUNCIL OF STATE (1·55 lakhs).

(1) *Administration.*—The administration of the Council of State is in the hands of the Legislative Department and except for the pay (Rs. 4,250 p. m.) and allowances of the President, the travelling and other allowances of members and contingencies the expenditure on account of the Council of State is charged to grant No. 34 relating to the Legislative Department.

(2) *Establishment.*—The Personal Assistant to the President and the Editor of Debates are exclusively employed on Council of State work. The Legislative Department contends that the other staff substantially employed on Council of State work consists of one Superintendent, two Assistants and one clerk, and that their work is equivalent to one or, at the most, two full-time ministerial posts.

(3) *Expenditure and its variation (in lakhs) :—*

	1921-22.	1922-23.	1923-24.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
(a) Pay of President.	·55	·51	·54	·51	·52	·51	·51	·51	·51	·51	·51
(b) Members' allowances and other expenditure.	1·08	1·24	1·29	1·55	1·20	1·26	1·30	·79	1·02	1·29	1·04
Total .	2·23	1·75	1·83	2·06	1·73	1·77	1·81	1·30	1·53	1·80	1·55

Fluctuations of expenditure are due mainly to the length of the sessions and the extent of members' attendance. The average duration of the sessions per year during the last three years has been 53 days at Delhi and 13 days at Simla. It should be remembered that members of the Council of State used to receive greater privileges than members of the Legislative Assembly in the matter of allowances.

(4) *Departmental Proposals.*—A resolution adopted recently by the Council of State recommended that the Members' privileges, as regards the scale on which (i) travelling allowances and (ii) the length of the period before and after a session of the Council for which daily allowances can be claimed, be assimilated to those of members of the Legislative Assembly. The department have accordingly proposed to effect savings to the extent of Rs. 12,500.

(5) *Our proposals.*—We have considered the question whether the whole-time post of a President for the Council of State could be abolished. The department have urged certain reasons against the tentative suggestion made in our questionnaire that an official of the necessary standing, say, the Hon'ble the Law Member, might be appointed to act as President during the period of the Council's actual session. We quote the question and the department's reply in extenso :—

Q.—So long as the present practice of appointing an official as President lasts, the feasibility of appointing an official of the necessary standing to act as President only during the period of actual sitting of the Council of State may be considered. Would it be constitutionally feasible, if necessary after modification of the law, for the Honourable the Law Member to preside over the Council of State's deliberations without any extra emoluments ?

A.—“ Each of the two alternative suggestions contained in this question was carefully considered before the first President of the Council of State was appointed. The first alternative was found to be open to grave objection. In the first place, it was felt that to provide the Council of State with a purely occasional President who, from whatever source selected, could never fill a place in the constitution comparable with that of the President of the Legislative Assembly would involve a refusal to the Council of State of its proper equipment and would be wholly out of keeping with the part designed to be played by the Council in the working of the constitution. In the second place, it was felt that an official called upon temporarily to discharge the duties of the President of the Council of State and designed to revert on the conclusion of the session to an ordinary post in the service of Government could not possibly command that confidence in his independence which is the first requisite in a President of a legislative body.

The suggestion that the Law Member should be appointed to be President of the Council of State was rejected on even more compelling grounds. The powers of the President of the Council of State are precisely the same as those of the President of the Legislative Assembly. They correspond with the powers of the Speaker of the House of Commons, not with those of the Lord Chancellor in presiding over the House of Lords, and are of such a nature as to render it manifestly improper that the office of the President of the Council of State should be filled by the Law Member or by any other Member of the Government. In amplification of this objection it should be observed that the Law Member must necessarily be the principal spokesman of Government in the Council of State and in the Legislative Assembly alike on any question which raises primarily an issue of law, that the questions on which he is required to intervene in debate will often be highly controversial and that it would plainly be out of the question that a Member of Government compelled by his position as such to play a potentially controversial part in debate in both Houses should preside over the Council of State.

The objections to the second alternative remain decisive. They do not arise out of the provisions of the Government of India Act and could not be removed by an amendment of that Act which would be compatible either with the existing constitutional position or with the contemplated constitutional position. The objections to the first alternative retain their full weight, but might not attach in an insuperable form to the permanent appointment to be President of the Council of State, in addition to his own duties and without extra emoluments, of an official so situated in his existing capacity as to possess the necessary independent status, provided always that the qualifications required for his permanent appointment were such as to render him suitable to hold the appointment of President of the Council of State. If, *e.g.*, the services of the Chairman of the Public Service Commission could be made available for the purpose—a point which is not within the purview of this department and with reference to which it has addressed no inquiry to the Department concerned—the appointment of the incumbent for the time being of that office to be President of the Council of State might afford an acceptable solution. It will of course be realized that in any event no change can be made until the existing President vacates his office.”

We have considered the counter-suggestion thrown out by the Department, but it does not appear to us to be acceptable. The constitutional objections urged against our suggestion regarding the Hon'ble the Law Member do not sound convincing to us. We note in this connection that the House of Lords

is presided over by the Lord Chancellor—a member of the British Cabinet. Should there be any legal objection against the arrangement proposed by us, it should be removed by a suitable amendment of the law. Nor do we see any force in the objection that the Hon'ble the Law Member is at times required to take part in debates in the Legislative Assembly, for we note that ordinarily he is appointed *ex-officio* member of the Council of State and not of the Legislative Assembly. Further, there is no reason why, as in the case of some other departments, the Secretary to the Legislative Department or other suitable official should not be able to discharge such duties in the Legislative Assembly.

Since the pay, etc., of the President amount at present to over half a lakh of rupees, and the duty is light and for a short period, we urge that no mere legal or technical objection should be allowed to stand in the way of an obvious measure of economy. We recommend definitely that the Hon'ble the Law Member should act as President of the Council.

(ii) The department's offer of ·13 on account of the reduced provision for the allowances of members may be accepted.

(6) *Summary of savings*.—Rs. 52,400 plus 12,800= ·65 lakhs.

DEMAND NO. 30.—LEGISLATIVE ASSEMBLY AND LEGISLATIVE ASSEMBLY
DEPARTMENT (8·29 lakhs).

(1) *Functions.*—All business connected with (i) the duties imposed on the Secretary of the Legislative Assembly by the Rules and Standing orders for the conduct of business in the Legislative Assembly and (ii) the proceedings of the Legislative Assembly.

(2) *Organisation.—Officers.*—Apart from the whole-time President (pay Rs. 4,000) and a Deputy President (pay Rs. 1,000) for four months, the staff consists of a Secretary (pay Rs. 2,500—3,250), a Deputy Secretary (pay Rs. 1,500—2,000), an Assistant Secretary, two Superintendents and a Watch and Ward Officer for three months. Establishment consists of 53 " Reporters, Assistants, and clerks " and 34 servants.

(3) Expenditure—

1929-30.	1930-31.	1931-32.
(Actuals.)	(Budget.)	(Budget.)
7·36	8·29	8·29

The Department was created on the 10th January 1929 and comparison with earlier years is not possible. Notwithstanding the accrual of increments to the staff the provision for the current year is the same as the budget estimate for last year owing to the fact that contingencies have been reduced from Rs. 61,000 to Rs. 48,000.

(4) *Department's proposals.*—No savings have been proposed except that the Department would be prepared to lend the services of such of its clerical and reporting staff as could be spared during the non-session periods for work on committees and conferences and in the regular departments of the Secretariat.

(5) *Our proposals.*—(i) Following our general plan for the reorganisation of work in the Secretariat offices we think, there should be only two officers, viz., a Secretary and an Under Secretary. The present Assistant Secretary can be given the rank of an Under Secretary without extra emoluments. The present Deputy Secretary's post is only temporary and should be abolished as soon as he has had sufficient training and experience to fill the Secretary's post. The two posts of Superintendents should be abolished and a Registrar's post should be created in their place. Branches should be placed in charge of Assistants—in this case only one—who should be paid Rs. 50 p. m. for this work.

(ii) We further think that the establishment should be reduced by five ministerial and five servants' posts.

(iii) Miscellaneous contingent expenditure should be reduced by ten per cent. so as to save Rs. 4,800. The watch and ward staff should be substantially reduced.

(iv) In our opinion the present rule permitting the drawal by members of the Legislative Assembly of the cost of haulage of a motor car irrespective of its amount needs revision. We think a limit of Rs. 500 in all for both journeys—outward and return—should be imposed.

(v) We note that with a few exceptions the members of the Legislative Assembly have expressed themselves against any reduction in the members' allowances. We therefore make no recommendation on this subject.

(vi) On the above specific proposals and by the application of our general recommendations we estimate that there will be a saving of about .41 lakh in 1932-33 and of about .70 lakh in the first year after the Deputy Secretary becomes Secretary. Savings on hill journey and house-rent allowances and hill journey charges have been dealt with for the Secretariat as a whole.

(vii) When the new constitution is inaugurated, the Legislature may need more staff. We are, however, keeping this contingency out of our calculation for the present, and think that the arrangements proposed by us should continue till then.

DEMAND No. 32.—HOME DEPARTMENT (60·2 Lakhs).

(1) *Functions.*—This department deals with all business connected with Internal Politics, Law and Justice, Police, Jails, the Indian Arms Rules, the Indian Civil Service, the Minor Administrations of Delhi, Andamans and Coorg, Registration, Naturalization of Aliens, Lunatic Asylums, Escheats and intestate property, European Vagrancy and Census. The scope of the Department has remained practically unaltered since 1921 except that certain subjects like police; jails, law and justice have become provincial subjects, mostly reserved. The Home Department are also in administrative charge of the Calcutta High Court.

This department, however, has three attached or subordinate offices under its administrative control, viz., the Bureau of Public Information, Intelligence Bureau and the Public Service Commission. Though the budget of the Reforms Office appears in that of the Home Department in the 1931-32 grants and it performs functions which ordinarily belong to, and were performed formerly by, that department, it is now a separate office.

(2) *Organisation.*—The department is manned by a Secretary, a Joint Secretary, a Deputy Secretary and an Under Secretary, two Assistant Secretaries and six Superintendents. The establishment consist of 68 ministerial and 68 servants.

In addition to the above staff there is an officer on special duty with the necessary establishments engaged on work connected with the recently promulgated Civil Services (Classification, Control and Appeal) Rules.

(3) The expenditure and staff of the Home Department have grown as shown below :—

	1913-14.	1922-23.	1924-25.	1931-32.
(i) Expenditure	3·24	6·22	5·79	6·02
(ii) Staff—				
Officers	4	9	7*	6*+1 O.S.D.
Superintendents	—‡	6	5	6
Assistants and clerks	51†‡	65†	62+3‡	68+8‡
Servants	57†	69†	60+4‡	68+15‡

(4) *Department's proposals.*—The Home Department has offered to abolish one Assistant Secretary and (i) also a Superintendent, an Assistant and two clerks, and to replace these posts by those of routine clerks. The abolition of four posts of peons has also been offered. The total net saving contemplated amounts to Rs. 34,560. The Department has also offered to effect a permanent cut of Rs. 17,700 in contingencies. Taking into consideration other reductions, the total saving offered is 52 lakh.

*Exclusive of officers employed in the attached offices who carry on the work of the Home Department.

†Not known if this includes temporary men or not.

‡Temporary.

§Superintendents are included under Assistants and Clerk.

(5) *Our proposals.*—(i) We think, a Secretary, a Deputy Secretary and an Under Secretary are sufficient. The posts of Assistant Secretaries and Superintendents should be abolished and be replaced by one post of a Registrar for the entire office.

(ii) After weighing the pros and cons we think that the establishments both ministerial and inferior can be reduced by 8 per cent. and contingencies by 10 per cent.

(iii) On our proposals the net savings will be 1·52 lakhs. The savings on house-rent and hill journey allowances and hill journey charges have been accounted for under the Secretariat as a whole.

GRANT No. 32-D.—REFORMS OFFICE (2·34 Lakhs).

(1) *Organisation.*—This office was set up in May 1930 for five months in the first instance, to deal with the problems of constitutional reform arising out of the report of the Indian Statutory Commission. Extensions were sanctioned subsequently and are due to expire on 29th February 1932.

It has a Reforms Commissioner of the status of a Secretary to Government, a Joint Secretary, a Deputy Secretary, an Assistant Secretary and a Superintendent. These officers are paid on the usual Secretariat scales. The establishment at present consists of 5 Assistants, 6 clerks, 2 stenographers and 17 servants.

(2) *Cost.*—The budget provision for 1931-32 is 2·34 lakhs as below :—

Pay of officers.	Pay of Establishments.	Allowances, etc.	Contingencies.	Passages.
1·37	·54	·11	·30	·02

(3) *Departmental proposals and action for economy.*—At first the Reforms Office offered to accept the following lump cuts, viz., ·15 in pay of officers, ·06 in pay of establishments and ·02 in contingencies. The ministerial establishment and one of the two daftarries get 20 per cent. for work in this "special" office, and the Reforms Office presumed that it would either be retained or reduced on grounds not peculiar to its work.

When the Joint Secretary was absent from India from 26th September 1930 to 21st February 1931 in connection with the Round Table Conference, the vacancy was not filled. During his absence from 15th August 1931 till 15th January 1932 also it is going to remain unfilled, and when he comes back it is proposed to keep the Deputy Secretary's post unfilled. Besides, three posts of Assistants are also kept vacant at present.

The other officers meanwhile expect to remain fully occupied with constitutional and administrative work arising out of the proceedings of the Round Table Conference and any Committees which may be set up or be in progress in India in pursuance of the recommendations of the Round Table Conference. The requirements of the Reforms Office after the Conference and Committees are over cannot be foreseen.

Subsequently, however, the Reforms Office has offered to relinquish the post of Deputy Secretary, to continue to leave unfilled a post of an Assistant and to retrench two other posts of Assistants. It also proposes to cut out a major part of the provision of Rs. 7,600 for the payment of deputation allowance of 20 per cent. of pay to some of its staff. The total savings offered amount to about Rs. 43,000.

(4) *Our proposals.*—(i) Considering the standing in the I.C.S., of the officer holding the post of Joint Secretary, we can see no reason why the Reforms Office should offer to relinquish the post of Deputy Secretary and not that of the Joint Secretary. We recommend that the Joint Secretary's post should be abolished.

(ii) On our usual plan the Assistant Secretary's post should be abolished and the Superintendent's should be converted into that of a Registrar. The Reforms Office's offer to retrench certain ministerial posts should be accepted.

(iii) Contingencies may be reduced by 10 per cent.

(5) *Summary of savings.*—On our proposals and on those of the Reforms Office relating to the reduction of establishment the savings in this office will be at least ·70. The savings on hill-journey and house-rent allowances and hill-journey charges have been accounted for under the Secretariat as a whole.

GRANT No. 33.—PUBLIC SERVICE COMMISSION (3·66+·64=4·30 Lakhs).

1. *Functions.*—The Public Service Commission was set up with effect from 1926-27 under section 96 (C) of the Government of India Act, 1919. The functions of the Staff Selection Board were then absorbed into the wider functions assigned to the Commission. These relate to (A) Recruitment, (B) Disciplinary cases, and (C) Other service matters. For a précis see appendix II (pages 72-73).

2. *Organisation.*—The Commission consists of five members, of whom one is Chairman, appointed by the Secretary of State in Council. The Chairman's pay is Rs. 5,000 and an ordinary member's pay is Rs. 3,500. The Secretary to the Commission gets a special pay of Rs. 400. The establishment consists of a Superintendent and 22 assistants and clerks, all on the attached office scale, and 27 servants. There is also a small provision of Rs. 400 for temporary establishment.

3. *Cost.*—The Staff Selection Board used to cost a little over Rs. 10,000 a year. The following table shows the cost of the Public Service Commission and that of holding examinations* (in lakhs) :—

	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
Pay of officers .	1·23	2·50	2·58	2·56	2·464	2·508
Pay of establishments	·13	·38	·47	·53	·527	·595
Allowances, passages, etc.	·40	·66	·69	·33	·339	·372
Contingencies .	·25	·25	·26	·20	·210	·185
Total .	2·01	3·78	4·00	3·62	3·54	3·66
Cost of examinations*	..	..	..	·55	·55	·64

*Transferred to Grant No. 69-B " Miscellaneous Departments " since 1929-30.

It will be seen that the pay and allowances of the staff, particularly the officers, absorb a large proportion of the grant.

4. *Departmental proposals.*—The Commission at first offered for the year 1931-32 a reduction of expenditure to the tune of Rs. 43,300, viz., Rs. 26,800 on the pay and leave salary of members, Rs. 8,000 under allowances, Rs. 4,500 on the pay and allowances of the establishments and Rs. 4,000 under " Examinations ". These were mostly of a temporary nature. Permanent reductions of (a) Rs. 12,600 including Rs. 2,000 on the pay of establishments, Rs. 6,000 under allowances and Rs. 4,500 under contingencies, and (b) Rs. 14,000 under Examinations have been offered subsequently. Home Department has further offered to examine the question whether the number of Members should be reduced to four " as soon as circumstances on the Commission permit ".

5. *Our proposals.*—(i) We may first draw attention to the relevant remarks and proposals of the Simon Commission,* the Government of India† and the Minorities‡ and Services§ Sub-Committees of the Round Table Conference. The Public Service Commission occupies a position of such importance, both actual and potential, in the political development of India, that we have no hesitation in endorsing the unanimous view that it must be maintained. We also think that the scope of recruitment through the Public Service Commission under Functions Rule 8, *i.e.*, for Central Services, Class II, and for special posts, should be extended. We further hold that in the interests not only of economy but of public service the Government of India should utilise the agency of the Commission, more than they do at present, in connection with service questions. This was one of the recommendations of the Lee Commission, who, in paragraph 30 of their report, said that they were confident that the Public Service Commission would become in course of time the recognised expert authority in India on all service questions. We also endorse the remark of the Public Service Commission that in “most matters of importance with which the Public Service Commission deal, it appears to them, as far as they can ascertain, that after the matter has been more elaborately considered by the five members of the Commission, it is reconsidered *ab initio* in the Government offices”. We remark that such a procedure entails waste of public time and money and is further likely to conduce to inefficiency. We should also like the Government of India to persuade some local Governments which do not at present sufficiently utilise the services of the Commission to do so. We note that the United Provinces Government already do so for their Provincial Civil (executive) and Police Services. It is true that the Punjab Government contemplate the establishment of a purely provincial commission. We would, however, like the Government to explain the position to that Government, particularly from the point of view of economy.

(ii) The maximum number of members *permitted* by Section 96-C of the Government of India Act, 1919, is five. The actual number has, *ab initio*, been five; in fact, the Lee Commission had recommended the appointment of the maximum number. That this number has not been determined by the nature or amount of work but by other considerations is clear from the extracts from the Public Service Commission's and the Home Department's replies to our questionnaires; we have printed them as appendix I (pages 70-71).

The Madras Services Commission consists of a Chairman and two members. According to the Bill introduced in the Punjab Legislative Council, the Punjab Services Commission is to consist of a Chairman and not more than two members. The British Commission consists of a Chairman and two Commissioners one of whom acts also as Secretary. The South African and Canadian Commissions are believed to have only one member and the Australian Commission two.

We agree that it is desirable to avoid any action which is reasonably likely to disturb the confidence of the members of the Services (whether European or Indian) in the Commission, and propose therefore to examine the position in some detail.

*Paragraphs 336-339, pages 294-295 of the Report (Volume 2).

†Paragraphs 203 to 211, pages 182-189 of the Despatch on proposals for Constitutional Reform.

‡Paragraph 13 of the Report of this Sub-Committee (page 158 of Volume III of the Proceedings of the Indian Round Table Conference).

§Paragraph 5 of the Report of the Services Sub-Committee (page 252 of Volume VIII of the Proceedings of the Indian Round Table Conference).

Firstly, the present Chairman is not due to leave before about the end of October 1932, and unless an Indian is specially selected to succeed him, his successor as Chairman will be a European. It should also be noted that the present recently appointed Secretary is also a European.

Secondly, the Lee Commission had emphasised the "importance of securing as members of the Commission men of the highest public standing who will appreciate the vital and intimate relationship which should exist between the State and its servants", and who will be "detached, so far as practicable, from all political associations". Accordingly and on that Commission's recommendation, the salaries were fixed at high levels corresponding, even in the case of members, to those considered adequate to attract suitable men for the posts of judges for the High and Chief Courts. The Commission states that "the experience of the last five years shows that the Indian and the European members of the Commission are equally anxious to do justice to the members of the services, whether European or Indian" and that "the Indian members of the Commission are as careful as the European members to do justice to European appellants. If the past is a safe index of the future, it is not unreasonable to hope that a majority of Indians on the Commission would not prove detrimental to the interests of European officers". We fully endorse the Commission's view contained in these quotations.

Thirdly, we observe that the obligation on the Governor-General-in-Council to consult the Commission in disciplinary cases is confined to (a) appeals under the Statutory Appeal Rules, (b) recommendations of removal or dismissal to, and forwarding of appeals under the Statutory Appeal Rules to, the Secretary of State, and (c) questions whether service interests have been adversely affected by the abolition of any post or posts. In relation to memorials and to questions connected with the pay, allowances, pensions, leave rules, provident and family pension funds and conditions of service generally there is no such obligation. In every case, whether there be an obligation on Government to seek the Commission's advice or not, *the Commission is a purely advisory body*; all matters of policy are reserved for the Secretary of State or the Government of India. Neither is bound to accept the Commission's advice and can reject it if the circumstances of the case justify such a decision.

Fourthly, we consider that the Indian members of the Commission are absolutely right in holding that "whatever may have been the attitude of the European members of the services on the eve of the Lee Commission, the work of the Indian members of the Commission during the last five years has largely allayed fears and removed doubts" and in believing that an Indian majority on the Commission will not be objected to by a large number of British officers.

Fifthly, we are loath to import racial considerations into the discussion of this question. But, since the only ground on which the Home Department as well as the two European members on the Commission hold that the European element should remain in a majority (whether numerical or effective with a European Chairman's casting vote) is in essence a racial one, we are constrained to accord our support to the view urged by the two Indian members that it is "not just and reasonable to have a majority of one race continuously for ten years". Even on this narrow ground we consider that the claim to an Indian majority for the next five years is not unreasonable.

Sixthly, at a time of such acute financial stress when Government have considered it necessary to place on the Indian taxpayer an unprecedentedly heavy burden of taxation, we cannot justify to ourselves the heavy cost of maintaining two members when admittedly they are not necessary for the disposal of the work. The claim to a European majority amounts, in essence,

to a claim to "*extra-territoriality*" in service matters relating to Europeans. We are not at all sure that the services themselves have made any such claim. In any case, we cannot see any chance of public opinion in India tolerating such an attitude and we believe that the interests of the services will in the long run gain and not lose if no such claim is made by or for them.

On all these grounds we must reject the Home Department's view that the number of members cannot be reduced to below four, and must urge emphatically its reduction to three. We consider it advisable that in the composition of the Commission the interests of the different sections of the people and the services should not be lost sight of.

Our proposal will yield a saving of Rs. 84,000 per annum on the pay of two members and perhaps of Rs. 6,000 on leave salary, allowances, etc., i.e., a total saving of about Rs. 90,000. We shall take account of allowances elsewhere and shall take only Rs. 87,000 as the possible saving from this proposal.

(iii) Our minor proposals for economy are :—

- (a) We doubt if the Secretary need be given a special pay of Rs. 400. His duties (including the statutory duty of recording the Commission's decisions) though responsible, are more or less of a routine nature. The qualifications expected of him are knowledge of and experience in administration and expert knowledge of examination work. The post is at present held by an officer of the Indian Educational Service. We are not convinced that it is necessary to draw upon any of the Imperial Services for this post, and we think it would be sufficient to have a secretary of the status of Assistant Secretary to Government. In any case, even if he continues to be drawn from an All-India Service, we hold that the special pay attached to the Secretary's post should not exceed Rs. 200. We may here observe that the special pay attached to the post of Secretary, Central Board of Revenue, whose responsibilities are, if anything, greater than those of the Secretary to the Public Service Commission and who actually is Deputy Secretary to Government *ex-officio*, is Rs. 300, and that Deputy Secretaries in the provincial secretariats get a special pay of Rs. 200.
- (b) The Home Department has offered to reduce the number of stenographers by two, but it contemplates that the Commission would consist of four members. In the light of what we have proposed we think that it is practicable to cut out three of the five stenographers. For the present, however, we recommend that the department's offer be accepted.

As regards the other ministerial establishment, we think an immediate reduction of expenditure to the extent of Rs. 10,000 per annum can safely be effected. We may add that an extra stenographer or two and half a dozen ministerial hands could be engaged on a temporary basis for about five months when there is something like pressure of work.

We also think that the Chairman and members should not get more than a Jamadar and a peon each and that the number of other servants should be reduced by four.

We estimate that our proposals in this sub-paragraph will yield a saving of about Rs. 17,000 per annum.

- (c) The provision of Rs. 500 for medical treatment may be reduced to Rs. 200. The provision of Rs. 18,500 for travelling allowance is admittedly high. The Chairman and members of the Commission are entitled to reserve first class compartments; we think this privilege should, in future, be confined to the Chairman, the other members being given a coupé compartment of two berths or when a coupé is not available, two first class berths.

The Commission agree that in the future touring will not have to be on the same scale as in the past. Home Department has suggested that the provision might be reduced to Rs. 8,500. In the light of our proposals the resultant saving should be more than Rs. 10,000. But, for the present we are content to accept the saving offered, *viz.*, Rs. 10,000.

We further hold that this office should be permanently located at Delhi. The provision for hill-journey and house-rent allowances should be deleted and that for other allowances should not exceed Rs. 3,000. In view of the fact that work in the hot weather is light, the privilege of recessing in the hills may be granted to the members of the Commission perhaps on a more liberal scale than in the case of other officers. So long as one member is available on the spot, we anticipate no serious difficulty about the disposal of work. We think it should be possible to save nearly the whole of the provision for hill-journey, house-rent and other allowances. But allowing for possible additional expenditure on travelling allowance, we estimate a net saving of about Rs. 13,000.

On our proposals the total saving on "Allowances, honoraria, etc." will be Rs. 24,300.

- (d) The provision for contingencies may be cut down from Rs. 18,500 to Rs. 13,000. Savings Rs. 5,500 against Rs. 4,500 offered by the department.
- (e) We agree that candidates for special posts called up for interviews and applicants for the posts of railway apprentices should continue to be paid travelling allowances. But we think that all candidates should be made to pay fees sufficient to put this part of the budget on a self-supporting basis. We therefore propose that this fee should be raised from Rs. 5 to Rs. 7-8-0. This will add about Rs. 2,500 to the receipts.
- (f) The Commission stated that the question of reducing the scales of fees for setting and marking of papers and supervising and invigilating at examinations as far as possible was under its consideration. An economy of Rs. 14,000 has since been offered. We recommend that the offer be accepted. We shall take account of this under Grant 69-B.

6. *Summary of savings.*—Our proposals will yield the following permanent reduction of expenditure on this grant:—

- (i) Abolition of two posts of Members, Rs. 87,000, (ii) Reduction of Secretary's special pay from Rs. 400 to an amount not exceeding Rs. 200 = Rs. 2,400. (iii) Reduction of at least two posts of stenographers, Rs. 7,000, (iv) Reduction of other establishments, Rs. 10,000, (v) Reduction of the provision for allowances, etc., Rs. 24,300, (vi) Contingencies, Rs. 5,500. Total, Rs. 1,36,200. (A saving of Rs. 14,000 on examinations is being taken account of under Grant No. 69, page 115.)

Besides, there will be additional receipts of about Rs. 2,500.

APPENDIX I.

Reference—Paragraph 5 (ii).

Q.—The Committee requests the Department to consider whether it is essential to have as many as five members including the Chairman and whether the volume of the Commission's work justifies this. Could not the members be reduced to three, viz., a European, a Hindu and a Muhammadan? It asks whether it would be feasible to combine the duties of the Secretary and Member, as is understood to be the practice in England where also there are only two members?

A.—*Public Service Commission's reply.*

A.—It cannot be said that the volume of the Commission's work requires as many as five members and so far as the volume of work is concerned it could be done equally well with three Members, though the reduction would make it difficult to arrange for the representation of the Commission at the various provincial selection boards. But since the questions are decided by a majority of votes the advantages of fixing the strength of the Commission at three or five are obvious. The main functions of the Commission are to make that portion of recruitment for All-India Services and Central Services, Class I, which is made in India, and give advice in disciplinary cases and on service questions. These disciplinary cases generally consist of appeals preferred by members of the aforesaid services and such memorials presented by them as may be referred to the Commission. In regard to these appeals and memorials the Commission are a purely advisory body. If the number of members is reduced from five to three, viz., one European, one Hindu and one Muslim, it is to be considered what effect it will have on European officers of the services. The experience of the last five years shows that the Indian and European members of the Commission are equally anxious to do justice to the members of the services whether European or Indian. The Indian members of the Commission are as careful as the European members to do justice to European appellants. If the past is a safe index of the future, it is not unreasonable to hope that a majority of Indians on the Commission would not prove detrimental to the interests of European officers. At the same time it will not be right to ignore the views of these officers and the majority of the Commission believe that however unreasonable this view may be, the proposal would disturb the confidence of European officers in the Commission. The Indian members consider that whatever may have been the attitude of the European members of the services on the eve of the Lee Commission, the work of the Indian members of the Commission during the last five years has largely allayed fears and removed doubts, and they believe that an Indian majority on the Commission will not be objected to by a large number of European officers. They further urge that it will not be just and reasonable to have a majority of one race continuously for ten years, and emphasize the reasonableness of having an Indian majority for the next five years. They are prepared to revert to the present constitution, viz., three Europeans and two Indians, if the experiment of an Indian majority does not prove successful.

2. With regard to a possible proposal that there should be only four members, the Commission is working with only four members at present. It is not a very satisfactory arrangement, because it is likely to impose on the Chairman an obligation to exercise his casting vote. According to the views stated above, the normal strength of the Commission should be three or five members (including the Chairman). But as a pure measure of economy it might be possible to reduce the number of members to four, viz., two Europeans and two Indians, till the period of financial stringency is over.

B.—Home Department's reply.

Some of the considerations to be borne in mind in deciding whether the number of members of the Commission could be reduced are stated in the Commission's reply. The main consideration is that the constitution of the Commission should be such as to command the confidence of the public and of those services with which the Commission are concerned—not merely of European members of those services, but of all members. It is also necessary that the Commission should be so constituted as to represent among its members various qualifications. There is, for instance, a statutory rule that at least two of the members shall be persons who have been for at least ten years in the service of the Crown in India. It is also desirable that there should be a member with educational experience. There are obvious reasons that render it necessary that there should be one Hindu member and one Mohammadan member. Practical considerations make it desirable that there should be an odd number of members. These various considerations were weighed by the Government of India and the Secretary of State in Council, when the Commission was under creation, and the conclusion then reached was that the most satisfactory Commission would be one of five members.

Apart from financial considerations, the Home Department are of opinion that the reasons for the conclusion then reached still hold good. In particular, they consider it of very great importance that on the eve of far-reaching constitutional changes the confidence of the services should be maintained and that changes should not be made which would seriously affect that confidence. Without a reference to local Governments they are not in a position to say with certainty how far a reduction in the number of members would affect the services, but they regard it as essential that, whatever the constitution may be, two members should have service under the Crown in India.

The Home Department recognise that financial requirements may make it impracticable to continue to satisfy all the conditions which it is desirable to secure and which have been secured in the past. They would, therefore, be prepared to examine the suggestion that the number of members should be reduced to four as soon as circumstances on the Commission permit. The saving effected by reducing one membership would be about Rs. 45,600 per annum, including savings on account of travelling and other allowances and on account of personal peons. They do not think that the number of members should be reduced below this, but, so far as circumstances permitted, they would be prepared not to make officiating appointments in leave vacancies while one member of the Commission was on leave. They can give no absolute assurance in this respect, because it might be necessary to replace a member on leave possessing special qualifications, by an officiating member with similar qualifications.

The Home Department are also prepared to take up in consultation with the Finance Department the question whether the pay of future members, including the pay of future Chairmen, could not be somewhat reduced. The question of the pay of the Chairman would probably depend on whether he were recruited in England or from the services in India. It would ordinarily be necessary to give higher pay in the case of the former than in the case of the latter, since no pensionary rights are attached to the Chairman of the Commission as such.

It will be, of course, understood that changes in the composition of the Commission or in the pay of the members are matters for the decision of the Secretary of State.

APPENDIX II.

FUNCTIONS OF THE PUBLIC SERVICE COMMISSION.

A.—(1) *Recruitment to All-India and to Class I Central services.*

(i) To advise Government on any question connected with recruitment to an All-India Service or a Central Service, Class I, and referred to it.

(ii) In the case of recruitment by *competitive examination* :—to advise Government in regard to the regulations prescribing the (a) qualifications of candidates and (b) conditions of admission to, and the syllabus of, the examination, and to discharge certain auxiliary duties in this connection.

(iii) In the case of recruitment by *selection* :—(a) to advise Government in regard to the rules regulating the qualifications of candidates, to interview the candidates and perform other auxiliary functions, and (b) in cases of inadequate communal representation, to recommend candidates in accordance with Government orders. (Officers holding temporary posts can be confirmed by Government, consultation with the Public Service Commission being necessary only if the appointment in the temporary capacity was made with such consultation.)

(iv) In the case of recruitment by *promotion* to any permanent post in an All-India Service (other than the I. C. S.) or a Central Service, Class I :—to consider the claims of each nominated candidate and advise whether his qualifications are sufficient and his record satisfactory, and arrange the list in order of preference.

Exception.—(a) Officers holding H. M.'s Commission and (b) members of an All-India Service or a Central Service, Class I.

A.—(2) *Recruitment to Provincial Services, Central Services, Class II, and special posts.*

(v) Similar functions in regard to recruitment to any Central Service, Class II or to any special post, when so required by the Governor-General in Council.

(vi) The Commission *may*, subject to Governor-General in Council's approval, perform such functions in regard to recruitment to provincial services and special posts as the Local Government may invite it to undertake.

B.—*Disciplinary cases.*

(vii) The Governor-General in Council must consult the Public Service Commission (except when its advice has been given previously and no fresh question has arisen),

(a) before considering any appeal under the Statutory Appeal Rules against any order of censure, withholding of promotion or increments, reduction, suspension, removal or dismissal,

(b) before passing any original order withholding promotion or increment or of reduction, removal or dismissal.

[*Explanation.*—An order giving notice of the termination of a contract of employment in accordance with the terms thereof is outside the scope of (a) or (b) above.]

(c) before recommending to the Secretary of State in Council the removal or dismissal of any officer or forwarding an appeal made to him under the Statutory Appeal Rules.

(viii) The Governor-General in Council may consult the Commission in regard to orders on memorials by an officer of any All-India or Central Service.

(ix) The Governor, Chief Commissioner or the Local Government of any province may consult the Commission before passing any order of the kind specified in (vii) (a), (vii) (b) and (viii).

C.—Other Service matters.

(x) The Commission shall advise (a) the Governor-General in Council on any question connected with the pay, allowances, pensions, provident or family pension funds, leave rules, or conditions of service generally of an All-India or Central Service, which he may refer to the Commission and (b) any Local Government, if so requested by that Local Government.

(xi) The Governor-General in Council shall refer to the Commission for its advice all cases in which the question arises whether or how far the interests of any officer or class of officers of an All-India or a Class I Central Service have been adversely affected by the abolition of any post or class of posts.

(xii) The Commission shall advise the Secretary of State on any question which he may refer to it through the Governor General in Council.

GRANT NO. 34.—LEGISLATIVE DEPARTMENT (5·51 lakhs).

A.—*The Department proper* (4·68 lakhs).

(1) *Functions*.—This department is charged with all business connected with—

- (i) Legislation in the Indian Legislature ;
- (ii) Legislation in Local Councils ;
- (iii) Rules and Standing Orders for the conduct of business in the Indian Legislature except in so far as the said Rules and Standing Orders impose duties on the Secretary of the Legislative Assembly ;
- (iv) Rules for the conduct of business in the local Legislatures ;
- (v) the proceedings of the Council of State ;
- (vi) the publication, translation and supply to Government officers and the public of Acts of the Indian Legislature and Regulations under section 71 of the Government of India Act ;
- (vii) the nomination and election of Members of the Indian Legislature ;
- (viii) the preparation and publication of Codes other than Codes appertaining to provinces which have Legislative Councils, Statute Books, Digests, General Rules and Orders and other similar works ;
- (ix) Indian Law Reports ;
- (x) Un-official references for opinion from other Departments ;
- (xi) the duties of the Solicitor to the Government of India ;
- (xii) the League of Nations ; and
- (xiii) the Peace Treaties and the administrative control of the Clearing Office (Enemy Debts).

The Solicitor's branch will be dealt with separately except as regards cost, (*vide* paragraph 3) and some other similar matters.

(2) *Organisation*.—The Legislative Department proper has the following officers :—

A Secretary, a Joint Secretary and Draftsman (pay Rs. 3,000—4,000), a Deputy Secretary, an additional Deputy Secretary for five months, two Assistant Secretaries and two Superintendents.

The establishments consist of five Reporters (for the Council of State), one of whom is Editor of the Debates, 49 clerical (including two stenographers and the Personal Assistant to the President of the Council of State) and 42 servants. There is a total provision of Rs. 4,900 for temporary establishments

(3) Cost* (including Solicitor's branch) and its growth (in lakhs) :—

—	1913-14.	1921-22.	1924-25.	1925-26.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
Pay of officers	1.06	2.78	2.54	2.71	2.97	2.95	2.61	2.42	2.53
Pay of establishments . . . . .	.74	2.50	2.81	2.96	3.11	2.99	1.84	2.02	2.14
Allowances and passage contributions . . . . .	.20	.65	.58	.64	.65	.58	.40	.44	.54
Contingencies . . . . .	.27	.85	.43	.45	.45	.35	.39	.33	.30
Translator's department . . . . .	.08	.06	.07	.07	.07	.07	.05	..	..
Total	2.35	6.84	6.44	6.82	7.24	6.94	5.29†	5.21	5.51

The office is divided into five sections as below :—

- (i) Council and General (A superintendent, 6 Assistants and 6 clerks).
- (ii) Publication (A Superintendent, 9 Assistants and 8 clerks).
- (iii) Printing (The equivalent of an Assistant and 3 clerks).
- (iv) Establishment (One Assistant and 2 clerks).
- (v) Issue, Record and Library (1 Assistant and 8 clerks).

The staff has varied as shown below :—

Staff on 1st April.	1914.	1922.	1924.	1928.	1929.	1930.	1931.
Number of superior officers	3	10	8	8	7	7	7
Assistant Secretaries, Superintendents, Registrars, etc.	4	8	5	5	4	4	4
No. of ministerial establishment	32	93	62	77	45	52	54
Number of servants	62	100	65+38	64	42	42	42

(4) *Inchape Committee's proposals.*—Out of the ten officers the Inchape Committee recommended that the posts of a Deputy Secretary, one other officer and one of the officers in the Solicitor's Branch should be abolished, saving .24, .20 and .15 respectively. Other reductions aggregating .49 lakh were also recommended.

(5) *Department's proposals.*—The Department has offered the following savings, viz: (a) omission of the provision for an additional Deputy Secretary next year and (b) a reduction of five clerical and four servants' posts. The savings amount to Rs. 42,700 but they do not all appear to be permanent.

* The cost of the solicitor's branch is included in the above figures ; in 1931-32 it is estimated at .83 lakh.

† The drop from the peak attained in 1927-28 was due to the creation of the Legislative Assembly Department from 1st January 1929.

(6) *Our proposals.*—(i) From the application to this department of our general recommendation as to the organisation of the Secretariat we estimate net savings as below :—

	Lakh.
(a) Abolition of the post of Joint Secretary and Draftsman including his passage contribution . . . . .	. 40
(b) Abolition of two posts of Assistant Secretaries, two of Superintendents and reduction of the provision for voted leave salary . . . . .	. 52
(c) 10 per cent. on other contingencies . . . . .	. 03
(d) Deduction for one Under Secretary and one Registrar and for charge allowances to assistants in charge of sections . . . . .	. —23

(ii) In the case of this department we also propose that eight ministerial posts should be abolished and one should be created for the disposal of the remaining work of the Local Clearing Office. Saving will be .26.

(iii) In addition, there will be a saving of .26 in the Solicitor's Branch (*vide B below*).

(7) *Summary of savings.*—98 lakh in the department proper, and .26 in the Solicitor's Branch. A saving of .23 on account of hill-journey and house-rent allowances and hill-journey charges in this department has been accounted for under the Secretariat as a whole.

B.—Solicitors' Branch (.83 lakh).

(8) *Organisation.*—This branch is manned by three officers, *viz.*, the Solicitor (on Rs. 3,000), the Second Solicitor (on Rs. 1,200—1,800 *plus* overseas pay of £13-6-8) and the Assistant Solicitor (on Rs. 1,000—1,200). The present Second Solicitor also gets a personal pay of Rs. 350 and a special pay of Rs. 250 for work connected with the Local Clearing Office. The Solicitor is due to vacate his post in March 1932. The establishment consists of 2 clerks and about half a dozen peons.

(9) *History.*—Up to 1919 solicitor's work used to be done for the Government of India by a Calcutta firm of solicitors, one partner of which was called the Government Solicitor. The actual cost of this arrangement in 1918—the last year of its operation—was Rs. 67,000. In 1919-20 Government decided to have a whole-time solicitor attached to the Secretariat. As the solicitor selected was a senior man, it was decided to give him an assistant. A little later, a second assistant was recruited to the branch. We understand that the idea was that the first assistant should replace the Solicitor and the branch should be reduced to two.

(10) *Cost.*—The estimated cost of this branch is .83 lakh and is included in the estimates for the Legislative Department.

(11) *Inchcape Proposals.*—The Inchcape Committee recommended that since a vacancy was likely to occur within a year "occasion should be taken to reduce the number of solicitors to two". The Department did not find it practicable to give effect to this recommendation immediately. In 1927, however, it proposed to abolish the Third Solicitor's post and he was sent away. But before the post was actually abolished, he was recalled.

(12) *Our proposals.*—(i) As stated in paragraph (2) a permanent staff of three men was not intended, and we are not satisfied that three men are required now. We observe that during the absence of one of the officers on long leave two officers have generally carried on the work of this branch. So far as we are aware, two officers are even at present carrying it on during the Second Solicitor's absence on leave for seven months. We therefore propose that the branch should in future consist of two officers. We are of opinion that the Solicitors' Branch requires one senior solicitor or barrister with considerable professional experience and not more than one other professional man to assist him. We therefore propose that there should be only two men and having regard to the policy, which we understand was laid down by Mr. Montagu, one of them should be a qualified Indian. In these circumstances the post that should go out is that of the Second Solicitor. We further suggest that one of the senior assistants in the Legislative Department should have the professional qualifications of a solicitor or barrister.

(ii) Since the ministerial staff consists of only two clerks, there is no scope for retrenchment there. But we consider that it is possible to reduce the number of peons by two.

(13) *Summary of savings.*—The savings will be Rs. 25,300 *plus* approximately Rs. 600 on account of the reduction in the average provision for passages *plus* about Rs. 400 for chhaprasis. The additional saving of about Rs. 2,100 on account of this officer's overseas pay has been left out of account here.

GRANT No. 35.—DEPARTMENT OF EDUCATION, HEALTH AND LANDS
(Rs. 8-18 lakhs).

(1) *Functions.*—All business connected with the administration of Education, Oriental languages, Records, Books and Publications, Reformatory schools; Archæology and Epigraphy; Arts and Museums; Medical Institutions and the Civil Medical services exclusive of officers on the Political cadre; Medical research; Public Health; Land Revenue; Land Surveys, Land Acquisition and Alienation; Civil Veterinary Department; Agriculture; Famine; Co-operation; Forests and arboriculture; Central agencies for research or promotion of special studies; Botanical Survey of India; Zoological Survey; Food-stuffs; Administration of the Indian Emigration Act; Indians overseas within the Empire, in territories administered by any part of the Empire under a B or C mandate and in Surinam; and the Haj pilgrimage; cinchona cultivation and the supply of quinine; Imperial Library; local self-government in Berar and throughout British India except British Baluchistan and Ajmer-Merwara.

We shall deal first with the department proper and then with the office of the Keeper of Records.

A.—Department proper (6·98 lakhs).

(2) *Organisation.*—A Secretary, a Joint Secretary (temporary), an Educational Commissioner (Rs. 2,500—3,000), a Deputy Secretary, an Additional Deputy Secretary, an Under Secretary, an Assistant Secretary, and six Superintendents, 88 Assistants, clerks, etc., and 73 servants. There is also a provision of Rs. 5,000 for an Officer on Special Duty.

(3) *Growth of expenditure and staff—*

	1921-22.	1924-25.	1931-32.
<i>(i) Growth of expenditure.</i>			
Pay of officers	1·91	1·86	2·66
Pay of establishments	1·32	2·05	2·93
Allowances, etc.	·45	·64	·84
Grants-in-aid, etc. . . . .	..	..	·3
Contingencies	·51	·52	·51
Total	4·19	5·07	6·97

(ii) Growth of staff.

Officers	9	9	14
Clerical staff	45*	73	88
Servants	61*	63	73

*Education Department alone to which was subsequently added in 1923-24 a part of the old Revenue and Agriculture Department.

(4) *Inchape Committee's proposals.*—This Committee thought that, in view of the essential modification of the position of the Central Government *vis-a-vis* the provinces under the Reforms Scheme in respect of education and medical administration, there was little justification for the retention of the Educational Commissioner, the Bureau of Education, or the Central Advisory

Board or, indeed for the continuance of the Department as a separate entity. As a result of the regrouping of the subjects proposed by that Committee the whole Department of Education and Health emerged in the new garb of the Department of Education, Health and Lands.

(5) *Departmental proposals.*—The Department has offered various savings amounting to nearly .26 lakh in the Department proper and .24 lakh in the office of the Keeper of Records. A hope is held out that as a result of the examination of the office by an officer with office experience further savings might be possible.

(6) *Our proposals*—

A.—*The Department proper.*

(i) Following our general recommendations regarding the constitution of the Secretariat we recommend the abolition of the posts of Joint Secretary, Additional Deputy Secretary, Assistant Secretary and six Superintendents. A Registrar for the entire office with Assistants in charge of sections should take the place of the Assistant Secretary and the Superintendents.

(ii) The Educational Commissioner should be replaced by an officer of suitable standing in the Indian Educational Service, whose total emoluments should not exceed Rs. 1,500 per mensem.

(iii) We think, the establishment should in any case be reduced by 15 per cent. and contingencies by 10 per cent. We may note in this connection that in the case of this Department we have recommended the curtailment or transfer of certain activities.

(iv) On our proposals the gross savings will be 2.14 lakhs. After deducting .13 for the Registrar and for allowances to Assistants-in-charge, the net savings on the department proper will be 2.01. There will also be a permanent saving of .24 on the Office of the Keeper of Records. Besides there will be a saving of .34 on account of hill-journey and house-rent allowances and hill-journey charges. This has been accounted for under the Secretariat as a whole.

B.—*Office of the Keeper of Records (1.20 lakhs).*

(7) *Functions, organisation and cost.*—This office dates from 1891 and its primary duties are to (i) repair and preserve the records in its custody and to supply them (or information from them) to Government offices, and (ii) subject to certain limitations, render their contents accessible to the public for purposes of historical research. The office is in charge of the Keeper of Records (pay Rs. 1,300—40—1,500) who is also, *ex-officio*, Assistant Secretary to Government. The ministerial establishment of 33 (a Superintendent, clerks, etc.) is estimated to cost .62 lakh and the inferior establishment of 67 servants .19 lakh. There is also a provision of Rs. 1,400 for temporary establishment.

Work connected with the Historical Records Commission is done in this office, and the 1931-32 session of the Commission was estimated to cost Rs. 5,500.

(8) Growth of expenditure and of staff :—

	1913-14.	1921-22.	1924-25.	1925-26.	1929-30.	1931-32.
<i>(a) Expenditure.</i>						
Pay of officers . . . . .	.23*	.15	.16	.17	.18	.21
Pay of establishments . . . . .	.49	.64	.71	.73	.82	.83
Allowances, etc. . . . .	.01	.04	.03	.02	.05	.04
Contingencies . . . . .	.01	.04	.08	.08	.17	.12
Total . . . . .	.74	.87	.98	1.00	1.22	1.20
<i>b) Establishment.</i>						
Ministerial	33	33	33	33	33	33
Inferior	49	65	65	65	67	67

*There were two officers in 1913-14, one being an Assistant on Rs. 600—1,000.

(9) *Proposals.*—(i) There is only one officer and apart from the question of pay for the post, there is no saving possible on the "pay of officers".

We must, however, remark that the pay is far too liberal even if the Education, Health and Lands Department's view, that it should correspond to the pay of a professor, be accepted. We shall make our proposals elsewhere.

(ii) We fully appreciate the value of the Historical Records Commission and the need for holding its meetings at intervals. But we are not so sure that it need meet at various centres, nor that an exhibition is necessary. In any case, we recommend that it should not meet in 1932-33.

(iii) As regards specific economies the Department have offered a reduction of .24 lakh. We recommend that this offer be accepted, but this saving should be treated as a permanent saving and not as mere reduction of expenditure for the 1932-33 budget.

GRANT NO. 36.—FINANCE DEPARTMENT—ORDINARY BRANCH (7·44 lakhs).

(1) *Functions.*—(i) General Finance, that is to say —

- (a) the Public accounts and estimates ;
- (b) the Public expenditure ;
- (c) the Public Ways and Means, including loans to and from the Public Treasury ;
- (d) the management of the Public funds ;
- (e) Taxation ;
- (f) Provincial and local finance ; and
- (g) the borrowing of public bodies ;
- (ii) Customs ;
- (iii) Taxes on Income ;
- (iv) Salt ;
- (v) Opium ;
- (vi) Excise ;
- (vii) Stamps ;
- (viii) Currency and Banking, that is to say—
 - (a) the Mints ;
 - (b) Coinage ;
 - (c) Paper Currency ; and
 - (d) the Imperial Bank of India and other Banks ;
- (ix) Salaries and allowances, that is to say—
 - (a) the pay and allowances of public officers ;
 - (b) Leave to public officers ; and
 - (c) Pensions and gratuities ;

(x) The Civil Accounts Department, including Treasuries.

Army Finance and the Military Accounts Department are dealt with by a separate organisation under the control of the Hon'ble the Finance Member.

(2) *Organisation.*—*Officers.*—A Secretary, an Additional Secretary, a Deputy Secretary, a Budget Officer (Rs. 1,500—2,000), an Under Secretary, two Assistant Secretaries (Rs. 350—1,400 and special pay Rs. 250) ; one Assistant Secretary (on Rs. 1,000—1,250), and seven Superintendents. In addition there is at present a Joint Secretary.

Establishments.—90 Assistants, clerks and stenographers and 50 servants.

The posts of Additional and Joint Secretaries are temporary.

(3) *Growth of expenditure and staff.*—The following table shows the growth of expenditure and staff :—

	1913-14,	1921-22,	1924-25,	1929-30,	1930-31,	1931-32,
	Actuals.	Actuals.	Actuals.	Actuals.	Revised.	Budget.
<i>(i) Expenditure.</i>						
Pay of officers	1.70	2.70	1.89	2.33	2.94	2.87
Pay of establishment	1.49	2.22	2.09	2.89	3.04	3.29
Allowances, honoraria, etc. . . . .	.26	.52	.51	.74	.82	.83
Contingencies . . . . .	.66	.81	.37	.51	.48	.44
Grants-in-aid . . . . .	..	..	..	.01	.01	.01
Total	4.11	6.25	4.80	6.48	7.29	7.44
<i>(ii) Numbers.</i>						
Officers	12	12	12	13	15	15
Staff	61	55	59	76	90	90
Menials	49	48	42	48	48	50

(4) *Salient features.*—Prior to the Reforms this Department had to deal with provincial budgets as well ; in all important cases the sanction of the Government of India and of the Secretary of State was required.

The Reforms separated provincial from central finance and relieved the Finance Department of provincial finance work. It also got larger powers of expenditure sanction.

After the report of the Incheape Committee, the Finance Department was relieved of (i) work connected with salt, opium and stamps, these subjects being transferred to the C. B. R. in its dual capacity as an administrative body and as the Central Revenues branch of the Finance Department, (ii) railway finance and (iii) Posts and Telegraphs finance. There has, all the same, been a considerable increase in the number of officers and other staff.

(5) *Savings offered.*—The Department's final offer consists of the following items :—

(i) abolition of the following posts, namely, an Assistant Secretary, 6 Assistants, 7 posts in the second division ;

(ii) reduction of Rs. 13,000 in the provision for temporary establishments.

Including corresponding savings in allowances and after making a deduction for special pay to the Chief Superintendent and an Assistant, the estimated savings amount to .75 lakh. The Department has further offered to consider the reduction of the status of the post of Additional Secretary to one of Joint Secretary, when the present incumbent vacates the former post.

(6) *Our proposals.*—Considering that the Finance Department was given considerable relief as stated in paragraph 4, we cannot accept the view that the present number of officers is the minimum with which the work can be carried on. Instead, however, of entering into a detailed consideration, we

propose that our usual plan should be applied to the Finance Department also. Instead of giving only one Deputy Secretary to the Finance Department, we would, however, give it two. We estimate that the savings on the abolition of the posts of Additional Secretary, Officer on Special Duty, Attaché, three Assistant Secretaries, seven Superintendents and the provision for leave salaries will be 1.67 lakhs. We think, the establishment can safely be cut down by 10 per cent. saving .33 lakh, and other contingent charges can be reduced by about Rs. 4,000. Allowing for the expenditure on the posts of an Additional Deputy Secretary and a Registrar and for charge allowances to Assistants in charge, we estimate a net saving of 1.71 lakhs.

Savings on house-rent and hill-journey allowances and hill-journey charges have been taken account of under the Secretariat as a whole.

GRANT NO. 38.—COMMERCE DEPARTMENT (4·83 lakhs).

(1) *Functions.*—(i) Shipping and matters connected with it, (ii) Trade and commerce and connected matters, (iii) Import and export regulations, (iv) Exhibitions, (v) Life assurance, (vi) Actuarial work, and (vii) Ecclesiastical matters.

Recent additions to activities.—(i) Tariff Board, (ii) Ecclesiastical work transferred from the Department of Education, Health and Lands, (iii) Centralisation of work connected with navigation and mercantile marine, (iv) Work connected with the League of Nations and the international conferences, (v) administration of the Training ship "Dufferin".

(2) *Organisation.—Officers.*—A Secretary, a Joint Secretary, a Deputy Secretary, three Assistant Secretaries (two permanent, one temporary), and five Superintendents including two temporary ones.

Establishments.—50 Assistants and clerks and 38 servants.

(3) *Growth of expenditure and staff.*—The expenditure and staff have grown as below :—

1913-14. 1921-22. 1924-25. 1931-32.

(i) *Expenditure.*

Pay of officers	} 3·46	1·67	1·20	2·00	
Pay of establishment		2·14	1·20	1·94	
Allowances, passages, etc.		·49	·34	·64	
Contingencies		·69	·48	·25	
Total		3·46	4·99	3·22	4·83

(ii) *Staff.*

	1921	On 1st April 1924	1931
Officers, i.e., administrative and superintendents	8	7	11
Clerical establishment as provided for in budget	45	37*	50†
Menials	35	33	28
* Actual strength was 40 permanent and 2 temporary		= 42	+ Stenographers.
† " " is 46 " " 22 " "		= 68	+ " "

(4) *History.*—In 1913-14 Commerce and Industries Department formed a single Department. In 1917 the Munitions Board was created to meet war requirements; when the war came to an end, the Board was converted into the Board of Industries and Munitions and later, in 1921, into a separate Department of Industries.

The Commerce Department used to deal, *inter alia*, with Customs. In 1924 Customs administration was transferred from its control to that of the Central Board of Revenue on the ground that, apart from delegation, there was little prospect of diminution of work in the Secretariat and that therefore the Secretariat proper should be freed from the functions of detailed administrative control exercised by it in the past. In fact, however, the two tables in paragraph 3 show that both staff and expenditure have grown substantially.

(5) *Departmental proposals.*—The Department has offered to try to effect a reduction in the number of Assistant Secretaries from 3 to 2 on the understanding that the posts of Joint Secretary and Deputy Secretary remain. As regards the subordinate establishments it proposes to await the examination of the office by an officer on special duty.

(6) *Our proposals.*—(i) We consider the Department's offer altogether inadequate. The Joint Secretary's post was temporary. It was understood that, so long as the Joint Secretary's temporary post was filled, the Deputy Secretary's post should remain unfilled. Now that, with effect from the current year, the Deputy Secretary's post has also been filled up, we do not see why Commerce Department should wish both posts to be kept alive. The maximum extent up to which we would be prepared to go is to give this Department an Additional Deputy Secretary. In accordance with our usual plan for the organisation of work in the Secretariat, we propose that all the posts of Assistant Secretaries and Superintendents be abolished and be replaced by one post of a Registrar in charge of the establishments and the office. Assistants should be placed in charge of branches.

(ii) During the last seven years the ministerial establishment* has increased by almost 62 per cent. in spite of the fact that the important subject of Customs was taken away from the Commerce Department. We however appreciate the force of the Commerce Department's contention and agree that in this case the percentage of reduction in the establishment should be small; we propose that the provision for establishment should be reduced by 5 per cent. Contingencies should, however, be reduced by 10 per cent.

(7) On our proposals the net saving will be .98 lakh. The savings on house-rent and hill-journey allowances and hill-journey charges have been taken into account for the Secretariat as a whole.

* Even after leaving out the staff for the Lighthouse officers, and the permanent Commercial Accountant and Assistant Actuary.

GRANT NO. 40.—DEPARTMENT OF INDUSTRIES AND LABOUR (6·53 lakhs).

(1) *History*.—This department dates from 1921 when it took the place of the Board of Industries and Munitions which was no longer required. The Incheape Committee made proposals regarding the allocation of business in the Secretariat. These proposals were accepted in part and as one of the results of the survey of the position the Industries Department absorbed the Public Works Department, including its Posts and Telegraphs branch.

(2) *Functions*.—Development of Industries (Central aspects); Geology and Minerals; Explosives; Petroleum; Printing and Stationery; Patents and Designs; Copyright; Factories Act; Legislation relating to steam boilers; Legislation on the subject of Electricity (including water-power grants); Inter-provincial Migration; Stores; Labour Legislation; International Labour Organization; Meteorology; Post Office; Telegraphs; Telephones; Wireless telegraphy; Cables; Civil Aviation; Civil buildings; Communications; Irrigation and canals; Miscellaneous Public Works and Allotment of office accommodation to Secretariat and attached offices.

(3) *Organisation*.—The superior administrative officers number four, viz., a Secretary, a Joint Secretary, a Deputy Secretary and an Under Secretary. Besides, there is a provision of Rs. 13,800 in the 1931-32 budget for an Officer on Special Duty. Other officers are two Assistant Secretaries and eight Superintendents. Establishments number 158 including 71 servants.

(4) *Present expenditure and staff and their growth*.—For a proper appreciation of the growth of expenditure on this department it is necessary to group it with the enlarged Commerce Department and the now defunct Public Works Department.

1913-14. 1921-22.* 1924-25. 1929-30. 1930-31. 1931-32.

(i) *Expenditure.*

Commerce	} 3·46	4·99	3·22	3·94	4·26	4·83	
Industries and Labour		} 5·24	} 5·43	} 5·94	} 6·04	} 6·53	
Public Works Department							3·21	5·01	5·94	6·04	6·53
Total		6·67	15·24*	8·65	9·88	10·30	11·36

	1913-14.			1921-22.*			1924-25.			1929-30.			1931-32.		
	Officers.	Clerks.	Servants.	Officers.	Clerks.	Servants.	Officers.	Clerks.	Servants.	Officers.	Clerks.	Servants.	Officers.	Clerks.	Servants.
(ii) <i>Officers, clerks and servants.</i>															
Commerce	9	53	49	11	46	40	7	37	33	8	48	33	11	50	38
Industries and Labour } Public Works Department }				13	60	49	14	83	68	14	86	71	15	87	71
				11	60	50									

*Note.—The Board of Industries and Munitions was still in existence.

(5) *Departmental proposals*.—A reduction of expenditure by ·33 lakh has been proposed, viz., ·25 in the Industries Branch and ·08 in the Public Works Branch; the former includes ·18 on account of the discontinuance of the post of an officer on special duty.

(6) *Our proposals.*—Our general plan of Secretariat organisation involves the abolition of the posts of the Joint Secretary, the two Assistant Secretaries and the eight Superintendents, a Registrar taking the place of these officers and Assistants being placed in charge of branches. The provisions for establishments, allowances and contingencies should be reduced by ten per cent. Deducting .14 for a Registrar and for charge allowances to Assistants, the *net* reduction of expenditure from our proposals will be 1.90 lakhs.

(7) *Summary of savings.*—1.90 lakhs. An additional saving of .31 lakh on account of hill-journey and house-rent allowances and hill-journey charges has been taken into calculation for the Secretariat as a whole.

GRANT NO. 42.—PAYMENTS TO PROVINCIAL GOVERNMENTS ON ACCOUNT OF THE ADMINISTRATION OF "AGENCY" SUBJECTS (2·30 lakhs).

(1) *Explanation of the grant.*—This grant of 2·30 lakhs (of which 1·43 is non-voted) is intended for payments to the Local Governments of Madras (·38), Bombay (1·70) and Bengal (·22) for their administration of "agency" subjects, e.g., Political, Haj Pilgrimage, Quarantine, Ecclesiastical, Major Ports, etc. The payments represent a share of the cost of the respective secretariats.

No payment is specifically made to Madras and Bengal. The Government of Bombay are paid ·32 for passport work done in the passport branch of the political department of the Bombay Secretariat and ·04 for that done in the passport branch of the office of the Commissioner in Sind. (The allowance of Rs. 200 p. m. to the Bombay Passport Officer is met out of the payment to the Bombay Government.) The reason for this is that passport work is heavy only at Bombay and Karachi. In 1914 the Government of Bombay had to create temporary posts in their Secretariat to cope with extra work in connection with passports. In 1921 some of them were made permanent, and the Central Government decided to bear the cost of these posts in accordance with the Devolution Rules.

In addition to this payment to Bombay Government of ·36 for passport work at Bombay and Karachi, central revenues bear an expenditure of ·10 lakh (provided in grant No. 45-Police) on the special passport establishments at Bombay (a Deputy Inspector on Rs. 275 and a clerk) and Aden (2 clerks).

(2) *Proposals.*—The departments concerned hold that no cheaper agency can be devised for the performance of "agency" work. We accept this view. But, we observe that the objects for which payments are made are somewhat specific in the case of Bombay. Since the cost of administration is likely to be reduced in that province, the question of reducing the amount paid to the Government of Bombay by approximately 10 per cent. (this being the percentage cut likely to be enforced in the provinces also) may be taken up with them. For the present we leave out of our calculation any saving that may possibly accrue from our proposal.

CHAPTER VII.

GRANT NO. 44.—ADMINISTRATION OF JUSTICE (.55 lakh).

(1) *Explanation of the grant.*—This grant of .55 lakh consists of only two small items of .40 and .15 lakh representing the payment to the Local Governments of Bengal and Bombay respectively for services rendered by certain law officers of theirs to the Central Government. The administration of justice including the constitution, powers, maintenance and organisation of law-courts is a provincial reserved subject, subject to central legislation as regards courts of criminal jurisdiction and High Courts and courts of similar status. In the Governors' provinces the Government of India have only the general powers of superintendence, direction and control. The position of the Calcutta High Court is, however, an anomaly inasmuch as administrative control over it is vested in the Government of India.

The provision for the administration of justice is therefore made in the budgets of the respective major provinces or the minor administrations.

(2) *Proposals.*—(i) The payment made to the Government of Bengal comprises .36 lakh as the Government of India's share of the total expenditure of the Local Government on account of the salaries of their law officers (*viz.*, Advocate General, Standing Counsel, Legal Remembrancer and the Government Solicitor) and .04 for contingent charges incurred by the Legal Remembrancer on behalf of the Central Government, *e.g.*, fees to pleaders, etc. This latter part of the payment varies from year to year. The contribution to the Government of Bombay is calculated on the same basis.

Both the Local Governments were consulted on the possibility of effecting a reduction of ten per cent., but they replied that no reduction was feasible. Under these circumstances we are unable to make a definite recommendation. We think, however, that if, as is probable, the Local Governments concerned adopt "percentage cuts" of pay, whether on the Government of India's lines or on different ones, there might be a good case for inviting the Local Governments to give some relief to the Government of India.

(ii) As regards the High Court at Calcutta a question we have considered is whether it would lead to economy in the Home Department if the position of that High Court is assimilated to that of the other High Courts. The Simon Commission proposed that the expenses (including judicial salaries) of all courts of the status of a High Court should be charged on central revenues and the administrative control should in each case be vested in the Central Government. We understand that this question is under consideration in the Home Department and that no decision has been reached. We would therefore content ourselves with the remark that the financial consequences of the proposal should be fully weighed against any administrative benefit likely to accrue from it; especially as the prospective revenue position of the Central Government is by no means so bright as it appeared to that Commission.

(iii) We should like to add that under the present arrangements the expenditure of the Calcutta High Court is apt to pass without sufficient scrutiny either of the Local Government or of the Government of India. We also think that the Government of India should initiate the necessary enquiries for retrenchment in that sphere.

(3) *Summary.*—No specific reduction of expenditure can be suggested.

CHAPTER VIII.

GRANT NO. 46.—PORTS AND PILOTAGE (26·16 lakhs).

GRANT NO. 47.—LIGHTHOUSES AND LIGHTSHIPS. (12·98 lakhs).

(1) *Introductory*.—Prior to 1929-30 there was only one budget head, *viz.*, "Ports and Pilotage", and it comprised the following classes of expenditure, *viz.*, (i) Bengal Pilot service, (ii) port officers' establishments and marine courts, (iii) shipping offices, (iv) marine survey departments, (v) the training ship "Dufferin", and (vi) lighthouses and lightships. The administration of the central subject "Shipping and Navigation" was, broadly speaking, in charge of the maritime Local Governments as agents for the Government of India, and the method of financing some of the above-mentioned services varied considerably from province to province.

The Inchcape Committee observed that there was little uniformity as to the authority by which these services were administered or as to the basis for the levy of fees on shipping. It recommended that the various services mentioned above should *all* be made self-supporting and proposed the reduction of expenditure from 26·32 to 24·21 lakhs. But since the entire policy was under Government's review at the time, it refrained from a detailed examination.

With effect from 1929-30 the administration was centralised and reorganised. As a result of this change the cost of "Ports and Pilotage" has increased considerably, and although the Inchcape Committee recommended that all the services should be made self-supporting, the receipts from the mercantile marine department have generally been below fifty per cent. of the expenditure, even when leave, pensionary and certain overhead charges are left out of account. As a result of the retrenchment proposed by it the Commerce Department hopes that in future about a half of the expenditure will be covered by the levy of fees. On the analogy of the law* in force in the United Kingdom it thinks that the practice of India should be the same as in the United Kingdom. It hopes that when the retrenchment proposed by it is brought into operation, the aggregate amount produced by fees levied under the Merchant Shipping law will be approximately equal to one-half of the expenditure on the mercantile marine department in respect of the services for which the fees are leviable.

As regards pilotage the service is confined to Bengal for the navigation of the Hooghly river, and the accepted policy is to treat and administer it on a self-supporting basis.

The administration of lighthouses and lightships was also placed on a definitely self-supporting basis. A separate grant is now voted for "lighthouses and lightships" service, but the creation of a separate fund automatically transfers the excess or the deficit of receipts over expenditure to the Fund instead of leaving it to be borne by the civil estimates.

We shall now deal with the two grants separately.

* *Vide* section 3 of the Fees (Increase) Act of 1923.

GRANT No. 46.—PORTS AND PILOTAGE (26.16 lakhs).

(2) *Explanation of the grant.*—This grant covers three distinct services, viz., (i) the administration of "Ports", i.e., headquarters direction and the mercantile marine departments, (ii) the cost of the Bengal Pilot Service and (iii) the cost of the training ship, the "Dufferin". The expenditure (in lakhs) on each has been :—

	1913-14.	1926-27.	1928-29.	1929-30.	1930-31.	1931-32.
(i) Ports including headquarters Direction . . . . .	..	5.20	5.97	7.26	8.61	9.54
(ii) Pilotage	10.54	16.16*	12.51	12.87	12.03	14.24
(iii) Training ship	Nil	.87†	2.08	2.35	2.40	2.38

*Unusually heavy expenditure on the building, repair and outfit of ships.

†In 1927-28 the R. I. M. S. Dufferin was converted into a training ship; before that it was on a "maintenance" basis.

(3) *Functions.*—The various mercantile marine departments comprising port establishments, shipping offices and ship survey departments perform the usual functions that are discharged by every government in matters relating to the mercantile marine.

The Bengal pilotage establishment is maintained for the pilotage of ships on the Hooghly, the navigation of which owing to the shifting sand-banks and the narrow channel kept available for ships to pass along, is difficult and cannot be entrusted to ordinary ship's crews.

The training ship is intended to train men for careers in the mercantile marine. The R. I. M. S. Dufferin was taken over in 1925, a price of 1.25 lakhs being paid to the Marine Department. In 1927-28 it was converted into a training ship at a cost of 4.36 lakhs and was opened as such in December 1927.

(4) *Organisation.*—(i) Under the scheme of centralisation of mercantile marine administration inaugurated by the Indian Merchant Shipping (Amendment) Act, 1928, with effect from 1st April 1929, Commerce Department is in direct administrative charge of the Ports and Pilotage services. A Nautical Adviser and a Chief Surveyor are maintained at headquarters to advise Government on matters relating to mercantile marine and ship survey questions respectively.

(ii) The coasts of India have been divided into six districts based on the major ports of Calcutta, Bombay, Madras, Rangoon, Karachi and Aden. Chittagong also is a major port, but for mercantile marine purposes it is a sub-district of Calcutta district. Each district is in charge of a chief executive officer called the "Principal Officer". At Bombay, Madras and Aden the Port Officers used to be employees of the respective Port Trusts or Port Funds: they are now directly in Government's employ. The Principal Officers are assisted by engineer-surveyors, ship-surveyors, shipping masters and subordinate establishments. The Principal Officers are also Superintendents of Lighthouses under the Indian Lighthouse Act except in the Bombay district. The following table shows the mercantile marine

establishments maintained by the Central Government in their own employ in the districts :—

	Calcutta.	Chittagong.	Madras.	Bombay.	Rangoon.	Karachi.	Aden.
(1) Ports Establishments—							
Principal Officer	1	..	1	1	1	1	1
Nautical Surveyor	1	1*	..	1	1	1	N/S
Wireless Telegraph Inspector	1	..	..	1	1†	(Part-time.) N/S	N/S
Ministerial	18	3	..	} 10	} 24	} 6	} 7
Servants	18	7	..				
(2) Shipping Offices—							
Officers { Master	1	..	..	1	..	..	..
Deputy and Assistants	2	..	..	3‡	..	..	..
Ministerial	30	..	..	} 23	..	..	..
Servants	13	..	..		
(3) Ship Survey Department—							
Officers { Principal	1	..	1	1	1	1§	..
Assistants	5	..	..	4	..	..	..
Ministerial	5	..	..	} 8	..	..	..
Servants	16	..	..		

*Half of his pay is recovered from Chittagong Port Commissioners.

†Used to be non-gazetted.

‡Reduced to two from 14th September 1931.

§This is also the Principal Officer of the District.

The existing arrangements in the districts are somewhat complicated, the reason being that the staff also administers the provincial subject of "Inland Navigation". Thus, in the Calcutta district one-third of the cost of ship survey establishments and the cost of the "Fifth engineer and ship surveyor" and his staff are recovered from the provincial government. In the Chittagong district Rs. 1,000 per annum is paid to the Government of Bengal towards the cost of the ship survey department. In the Madras district contributions are paid to the Minor Ports Fund and the Local Government on account of certain establishments and contingent expenditure on account of ports and ship survey work, and certain recoveries are made for lighthouse work. In Bombay and Karachi some recoveries are made from the Government of Bombay towards the cost of the ship survey department. Similar arrangements are in operation in the other districts also. At certain ports, e.g., Karachi, combined establishments are maintained for the Principal Officers and the ship survey sections.

The pay of officers varies. Members of the Royal Indian Marine appointed to mercantile marine appointments get their grade pay plus a staff pay which, it is claimed, is fixed with reference to the officer's status and the duties of his post. The staff pay takes the place, in part of provisions, lodging and services to which the officer would be entitled while serving afloat.

(iii) *Pilotage*.—For the needs of the Bengal Pilot service two pilot vessels the "Lady Fraser" and the "Andrew", are maintained under the command of one of the Branch pilots in rotation for a year.

The cadre of officers on service afloat consists of 2 Commanders, 2 Chief Officers and 4 second and additional officers and 8 engineers. The crew serving afloat numbers 144 men. There is also an establishment of 11 for the "Aid". Actual piloting work is done by pilots who are divided into various grades, viz., Branch pilots, Master pilots, Mate pilots, First and Second Mate Leadsman and Leadsman Apprentices. The sanctioned strength of the service is fifty pilots and twelve leadsmen. The pay of leadsmen ranges from Rs. 200 to Rs. 350 plus 50 per cent. of lead money collected, and that of pilots varies from Rs. 400 to Rs. 2,250 plus overseas pay. The pilots on the running list also get extra emoluments in the shape of night pilotage fees; these are claimed to be in the nature of overtime pay.

The seniormost officer of the Bengal Pilot Service is, *ex-officio*, Deputy Port Officer (Pilotage), Calcutta, and is responsible for pilotage work. He is on a special scale of pay, viz., Rs. 2,550 plus overseas pay. It seems that pilotage establishments, other than crews, are not charged to the pilotage grant, though we understand that a share of the cost of the Port Establishments is charged to the *pro-forma* accounts relating to pilotage.

(iv) The training ship has six officers, a Captain Superintendent (pay Rs. 1,800), a Headmaster on Rs. 1,500, a Chief Officer, two other officers and an Assistant Surgeon. The establishments comprising school masters, boat-swain instructors, clerks, engine drivers, lascars, servants, etc., number 59.

(5) *Growth of staff and expenditure.*—The following two tables show how the staff and expenditure in India have grown compared with 1924-25. But owing to the radical change of policy inaugurated in 1929-30 comparison with the figures of previous years is not of much help. In fact, the old arrangements had to be continued during the major part of 1929-30. Hence the figures of even that year are not particularly useful for comparative purposes.

TABLE A.—STAFF.

	1924-25.		1931-32.	
	Ports.	Pilotage.	Ports.	Pilotage.
Officers	19	16 plus 72	34*	16 plus 58
Crew	9	144	191	155
Clerical and Menial	128	..			3

*Including one part-time post.

TABLE B.—EXPENDITURE.

	1913-14.	1921-22.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
(i) Ports Direction	..	..	..	..	..	..	-06	58	-58	-66
Port Officers' establishments.	..	2-22	1-24	1-41	1-74	1-39	1-73	2-15	3-22	4-42
Shipping Offices . . . . .	..	-79*	1-50	1-63	1-44	1-93	1-89	1-94	2-05	2-19
Ship Survey Department.	..	-31	1-54	1-84	1-95	1-96	2-09	2-45	2-68	2-27
Scholarships and Miscellaneous.	..	..	..	..	-06	-07	-07	-10	-05	-06
Total for Ports	6-02	3-92	4-28	4-88	5-19	5-35	5-92	8-11†	8-61	9-51
(ii) Training Ship	..	..	..	-17	-67	5-27	2-06	2-35	2-40	2-38
(iii) Pilotage	10-54	14-69	14-22	17-65	16-15	14-19	12-51	12-87	12-03	14-24

*Does not include expenditure on Bombay Shipping office.
†7-26 after deduction of recoveries of -85.

(6) *Receipts*.—The following table shows receipts under head "Ports and Pilotage". They include receipts from the shipping offices and the "Dufferin," but exclude those from Bengal pilotage.

	1928-29.	1929-30.	1930-31.	1931-32.
Mercantile Marine Department	4.68	3.83	4.23	4.32
Training ship . . . . .	.17	.30	.35	.44
Total	4.85	4.13	4.58	4.76

(7) *Departmental proposals* :—

A.—*Ports* (Grant 9.54 lakhs).

Commerce Department at first proposed to effect savings as shown below :—

	Sanctioned Budget, 1931-32.	Reductions	
		in 1931-32.	in future.
	Rs.	Rs.	Rs.
(i) Headquarters Establishments	66,500	2,000	14,500
(ii) Marine Engineering (State Scholarships)	4,000	400	400
(iii) Madras District	32,000	1,000	1,400
(iv) Bombay District	2,99,200	14,090	14,200
(v) Training Ship	2,37,700	8,000	..
(vi) Karachi District	35,100	2,850	1,250
(vii) Aden District	33,000	300	..
(viii) Calcutta District	3,59,400	10,850	57,500
(ix) Chittagong Sub-District	19,000	100	..
(x) Rangoon District	1,04,000	620	620
Total	11,89,900	40,210	89,870

It will be seen that the savings under (i) were effected, before the present retrenchment campaign began, by the appointment of a new Nautical Adviser and a new Chief Surveyor at headquarters on lower rates of pay. The saving offered under (viii) includes an automatic saving of Rs. 54,700 (provision for the payment of arrears of rent for the Calcutta port and shipping offices), which would have accrued in any case. The other savings amount to Rs. 20,670.

B.—*Pilotage* (Grant 14.24 lakhs).

A reduction of 1.06 lakhs in the 1931-32 grant was offered but the main items offered were .50 due to the postponement of the reconditioning of S. P. V. "Andrew", .20 on marine stores, .10 on the cost of coal, .22 on the pay of officers.

The following note embodies the Commerce Department's proposal as regards permanent reduction of expenditure :—

"Though the Service is in the first instance financed by Government, the expenditure is recouped by pilotage fees, and *pro-forma* accounts are maintained

to ensure that receipts cover expenditure. Owing to the present depression in trade there is a deficit at present, but steps are being taken to balance revenue and expenditure and in the current year Rs. 1,06,000 has been surrendered by reductions of expenditure. Automatic savings are expected under pay of officers and by this means and with other economies the income and expenditure are expected to balance. The Pilotage Dues Committee has been appointed to enquire into pilotage fees. Their report is expected shortly and the question whether any increase in fees is desirable will then be taken up."

C.—The "Dufferin" (Grant 2·38 lakhs).

The Commerce Department has stated that the provision for the training ship cannot be reduced permanently without impairing its efficiency. It has also explained that the "arbitrary" cut of Rs. 11,000 made by Finance Department has made it necessary to postpone the dry-docking of the ship for repairs, and that it will have to ask for an extra grant of Rs. 15,000 in the next year's budget.

(8) *Our proposals* :—

A.—*Ports*. (Grant 9·54 lakhs).

(i) Excluding the expenditure on the training ship, the 1931-32 provision for Mercantile Marine administration amounts to 9·54 lakhs. The department has offered genuine savings of only Rs. 20,670. We consider this altogether inadequate, and we are persuaded that a reduction of the provision for 1932-33 by 1·50 lakhs as compared with that for 1931-32 is not at all difficult to effect. In this connection we draw attention to table B in paragraph 5, especially to the extraordinary increase in the cost of port officers' establishments compared with 1929-30. We may explain some lines along which expenditure can be reduced by at least the amount proposed by us.

(ii) We appreciate the need for technical advisers to the Government of India. But, we can see no valid reason why these officers should not be posted at the ports. We think it should not be difficult to obtain their advice from the ports. Occasional visits to the headquarters of Government may be necessary. We think, contact with actual work in the districts will be distinctly helpful to them and to Government. We do not consider that there is enough work for the two advisers at headquarters. The extensive re-organisation undertaken in the interests of centralisation may have required the services of advisers on the spot. Now that a very large portion of this work has presumably been completed, the need for the advisers at headquarters must be far less. If we may say so, their work was in the nature of special duties which should now come to an end. If any portion of the initial work is still outstanding, special posts may be created to complete it, provided that it is not possible to utilise the services of officers at the ports for this purpose.

We therefore propose that these two posts should now in the interests of economy be abolished, saving Rs. 55,000 in pay and possibly about Rs. 5,000 in other items.

(iii) We are not quite convinced that it would be impossible to combine the functions of these two officers. We find that the Principal Officer in charge of a port is, to quote the Commerce Department's words, "the chief executive officer of Government in all matters relating to mercantile marine administration and exercises *general supervision over the whole of the district staff including, inter alia, the staff for the survey of ships.*" It seems to us therefore that it

should not be altogether impossible to come across a Principal Officer who might be able to combine the advisory duties of the Nautical Adviser and Chief Surveyor. So far as we can see, mercantile marine and survey duties are combined at some ports, e.g., Bombay and Karachi; in fact we note that the Karachi officer is an engineer officer. In any case, we propose that the feasibility of such combination of duties should, though strictly as a second alternative to our proposal in (ii), be reconsidered, not in the light of an abstract theory but of concrete facts. We may concede that it is better to have two specialist officers, but the question is whether the extra administrative convenience is worth the cost at a time of acute financial stress like the present; we think it is not.

(iv) The numbers of officers are 12 at Calcutta, 13 at Bombay (including the Collector of Salt Revenue as Superintendent of Lighthouses, *ex-officio*), 2 at Madras, 2 at Karachi, 2 at Chittagong (one being a provincial officer), 4 at Rangoon and 1 at Aden. We hold that it is possible to reduce the numbers at Calcutta, Bombay and Rangoon by eight in all and we recommend accordingly. Commerce Department has abolished only one post, viz., the temporary post of the Additional Assistant in the Shipping Office, Bombay.

(v) The Commerce Department's contention that in the case of officers belonging to the Royal Indian Marine the staff pay is fixed with reference to the officer's status and duties does not convince us as to the necessity of the present scales of emoluments which include staff pay, special pay and motor car or conveyance, compensatory local, house rent, Burma, R. I. M. craft supervision, travelling, overtime and closed holidays and other allowances. The following table shows the present actual emoluments of some such officers and the unusually high ratio they bear to grade pay:—

		Grade pay.	Staff pay.	Special pay.	Motor allow- ance.	Compensatory, Local, house-rent and other allowances.	Total.
(a) Calcutta	(i)	900	870	200	100	150+178	2,398
	(ii)	800	620	100	75	150+110	1,855
	(iii)	900	700	150	150	150+152+75+32	2,309
	(iv)	700	500	..	150	135+175+75	1,735
(b) Chittagong	(i)	625	620	..	..	300	1,545
	(ii)	650	500	..	..	75	1,225
(c) Bombay	(i)*	900	870	..	100	150	2,020
	(ii)	900	870	..	100	150	2,020
	(iii)	700	370	..	..	50+135+160	1,415
	(iv)	650	500	..	50	135+125	1,460
	(v) & (vi)	500	450	..	150	120+143	1,363
(d) Madras	(i)	900	870	..	..	73	1,843
(e) Karachi	(i)	800	700	..	150	..	1,650
(f) Rangoon	(i)	900	870	..	..	150+150+159	2,229
	(ii)*	700	500	..	..	135	1,335
	(iii)	625	500	..	..	50+120+120	1,415
	(iv)	800	500	..	..	50+135+135+113	1,733

*These officers are on leave.

We have selected only a few cases at random, but they are fairly typical and serve to illustrate the point that we wish to make, *viz.*, the unusually liberal treatment of Royal Indian Marine officers with such a profusion of allowances. Some of these allowances, *e.g.*, motor car allowances, we consider altogether unnecessary in the case of *officers* and some others as not justified by the nature of the duties performed.

They are also permitted to retain various classes of fees. Their number is large and we shall deal with only the two most important classes.

So far as we are aware, the Mercantile Marine Department is the only one in which *officers* get overtime allowances. The surveyor gets half of the overtime, Sunday and certain closed holidays fees for the survey of ships. The fees charged for shipping and discharging crews on Sundays and holidays and out of office hours on working days are paid to the officers in the shipping offices working overtime in certain cases ; in others they are credited to Government. Such overtime allowances can, in some cases, be handsome additional emoluments, as the following cases show :—Shipping Master, Calcutta's average monthly overtime fees amount to Rs. 560 and his Deputy's to Rs. 150. In the case of the Shipping Master at Bombay they amount to Rs. 367.

Examination fees levied from candidates taking the mercantile marine examinations are generally credited to Government, but in the case of Masters and Mates examinations they are paid to the examiners who are generally employees of the department. The amounts earned out of such fees by each individual officer varies according to the post held and its importance. To give a few illustrations, the Principal Officer, Bombay's monthly average of income out of examination fees is Rs. 113, and the Nautical Surveyor's Rs. 86.

The least that we must in this case recommend is that special pay and motor car, compensatory local, house-rent, overtime, Burma and all other allowances should be abrogated and the officers should, as is the case at Aden and almost so at Madras, be given only grade pay *plus* a suitable staff pay not exceeding the staff pay on the present scales. We may add that our recommendation as to the abrogation of local, compensatory and house-rent allowances is based on general grounds which we have applied to all other similarly circumstanced services recruited for work at the expensive stations. We must further remark that while many officers at Calcutta get *motor car* allowances, no officer at Rangoon gets them, though we note that three officers get *conveyances* allowances of Rs. 50 per mensem each. We cannot see why there should be any need for liberal motor car allowances at Calcutta. In this connection we might make it clear that we cannot accept the justification for the rapid growth of expenditure on allowances when the number of officers is a most constant. To give only one illustration, allowances to the ship survey staff at Calcutta have grown from Rs. 23,204 (actuals) in 1929-30 to Rs. 33,100 (budget) in 1931-32, and to the port staff at Rangoon from Rs. 8,100 (budget) in 1930-31 to Rs. 13,100 (budget) in 1931-32.

(v) We have similarly found cases in which contingent expenditure has grown rapidly in spite of a general fall in prices. Thus, the provision for contingencies for the ship survey department at Calcutta has been raised from Rs. 6,435 (actuals of 1929-30) to Rs. 7,300 in 1931-32. Similarly the provision for "Other charges" for the Rangoon Port Establishments has grown from 19 in 1929-30 to 27 lakh in 1931-32. The entire contingent expenditure needs a searching scrutiny by the department.

(vi) We can see no reason why an official motor car should be maintained for the use of officers, as one is in fact maintained for the officers of the shipping office, Bombay.

(vi) We are not satisfied that the "pooling system" for launches is used to the fullest extent possible and we propose that the feasibility of its extension to ports where it is not in operation be reviewed. The pooling arrangements should not be confined to mercantile marine, marine transport, lighthouses and similar cognate departments and every attempt should be made to "pool" launches with, e.g., customs, salt, port police—in fact with every department, central or provincial, or local body (e.g., a Port Trust) which maintains them. We also propose that suitable instructions designed to prevent the abuse of Government launches be issued to all concerned.

(vii) As regards the three posts of Wireless Telegraphy Inspectors (appointed under section 243 of the Indian Merchant Shipping Act of 1923 to enforce compliance with the requirements of the law in this respect) at Calcutta, Bombay and Rangoon, we are not at all satisfied that the inspection work cannot or should not be transferred to officers of the Royal Indian Marine or of the Posts and Telegraphs Departments. Commerce Department states that it tried the former arrangement at Bombay and Rangoon but found it unsatisfactory. We are, however, looking at the problem not from the point of view of absolute efficiency but of feasibility in relation to cost. We propose that the entire question be reviewed from this point of view.

(ix) While it is possible for us to enter into further detail, we consider it unnecessary to do so. We trust, the few illustrations we have given, a majority of which are typical, will show that expenditure has been allowed to grow with undue rapidity and that a rigorous examination should enable it to be reduced without any appreciable difficulty by 1.50 lakhs for the purposes of the 1932-33 budget. Considering that our proposal amounts in effect to one for the permanent reduction of expenditure by only .81 in a budget of over 9½ lakhs, we consider we have not expected or asked for too much.

(x) We would also draw attention to what we have stated in some detail in paragraph 1 and recommend that independently of the law or the practice of other countries including the United Kingdom the various mercantile marine services should be placed on a really self-supporting basis, including leave, pensionary, overhead, depreciation, interest and other charges. The Inchcape Committee made the same recommendation and we presume that it must have been aware of the law and the practice in the United Kingdom through its Chairman—a prominent figure in the mercantile marine of the world. Commerce Department admits that in this respect neither the Board of Trade rule nor the British law is binding on the Government of India. We must urge that we can see no justification for the continuance of what, in effect, amounts to a subsidy of about four to five lakhs a year. Our proposal will add about 4½ lakh to the receipts under "Ports and Pilotage," and will tend to bring the administration under closer scrutiny by the commercial community than the present arrangement does.

(xi) Finally, we think the time is now ripe for an extension of the principle of local self-government to the administration of the mercantile marine department, subject to the legislation relating to it continuing to be central and, if necessary, even made federal. We note that under the arrangements which were superseded by the centralisation scheme inaugurated in 1929-30 the port officers at Bombay, Madras and Aden used to be employees of the respective Port Trusts or Port Funds. Even if a complete reversion to that arrangement be considered impracticable, we can see little reason why the powers of statutory local bodies like Port Trusts should not be extended so

as to include many of the duties at present discharged by the Central Government's own staff. We think it will be a cheaper arrangement and should work efficiently. We believe that local self-government in this respect is indicated by the trend of political developments. We may also add that the Incheape Committee also "understood that the Government of India were inquiring into the question whether these offices should not be placed under the Port Commissioners at these ports" (the reference being to Calcutta and Rangoon, provision for which was included in the estimates reviewed by that committee).

B.—*Pilotage* (Grant 14·24 lakhs).

(i) Although this is claimed to be a self-supporting service and *pro forma* accounts are maintained for that purpose, we hold that reduction of expenditure should be effected by all practicable means. We do not accept the view that the aim should be merely to balance receipts against expenditure, but rather to reduce expenditure to the lowest practicable limit and then to adjust the fees charged to the public accordingly. Even if the benefit inures, in the first instance, to the commercial community, we consider, it will ultimately be so much gain to the general public.

(ii) Considering the extremely high scales of pay (including overseas pay) in force for the Bengal Pilot Service and the fact that the officers are not actually engaged in piloting work every day of the month, we see no justification for the payment of "overtime" pay in the shape of night pilotage fees, for which the provision is 1·27 lakhs = nearly 20 per cent. of the pay proper of pilots and leadsmen. We consider the payment of "overtime" pay or allowances to officers objectionable in principle and hold that the usual principle that a Government servant is a public servant for all the twenty-four hours of the day should be applicable to this service also. In the case of those already in service, however, we consider it fair to make some exception, as we have done in the case of the Customs Department. Our recommendation therefore is that in view of the acute financial stress, the scales of night pilotage fees be reduced to one-half. This will yield a saving of about ·64 lakh. Mr. Ramsay Scott thinks that the reduction should be one-fourth and not one-half.

(iii) We observe that even though the present trade depression has caused some fall in shipping (the Commerce Department's estimate of the decrease in the number of ships entering being 4 or 5 per cent.), the number of pilots has remained the same. We appreciate the force of the contention that pilots cannot be made in a few months and that therefore the number maintained for normal trade conditions may prove to be excessive in times of temporary depression but cannot on that ground alone be materially reduced. But at a critical juncture like the present one we see no justification for the retention in service of officers who have completed 55 years of age. We note that there are three such; and that another eight are already over 50. Some reduction of the number of officers can thus be carried out without causing undue individual hardship, and in our opinion the prospects of trade justify the reduction. We propose that the whole cadre of officers of the pilotage services be reduced so as to save *at least* 15 per cent. on their pay (Rs. 1,08,100 plus Rs. 8,06,100). Saving will be 1·37 lakhs. Since at least ten of the sixty officers have already reached their maximum pay (Rs. 2,200 plus £30 O. P.), our proposal to reduce the *cost* on the pay of officers by 15 per cent. will involve the reduction of the *number* of officers by a much smaller percentage. In fact we find that the retirement of the three superannuated officers would yield a saving of ·94 lakh and that of two others, even allowing for the recruitment of fresh men at the bottom would yield another ·58 lakh (Our calculation naturally includes overseas pay drawn by the officers).

(iv) The present establishments numbering 155 should also be reduced so as to save about 15 per cent. (.08) on their pay.

(v) The 1931-32 provision for victualling and store allowances of officers and men afloat is .35 against the 1929-30 actuals of .34. In the light of our proposals in sub-paragraphs (iii) and (iv) above and the fall of prices of foodstuffs, etc., we think, a provision of about .30 should suffice for 1932-33. It should be reduced accordingly, saving .05.

(vi) A reduction by ten per cent. in the provision for controllable contingencies should be effected, saving about Rs. 500.

(vii) Under "Purchase of marine stores and coal" Commerce Department offered for 1931-32 a saving of .30 apart from the saving on account of the reconditioning of the "Andrew". Considering that the total provision for stores and coal is 1.78 lakhs, we think it should be possible to repeat this saving, at any rate a large part of it, in 1932-33.

(viii) The provision of 1.50 lakhs for the reconditioning of the "Andrew" should, as proposed by the Commerce Department, be reduced to 1 lakh for 1932-33.

(ix) In the light of our proposals in (iii) and (v) the provision for mess and passage money of pilots should be reduced by, say, 10 per cent., saving about Rs. .03 lakh.

(x) On our proposals the total permanent reduction of expenditure will be 3.87 lakhs. As against this an extra provision of 1 lakh will be needed in 1932-33.

(xi) We further recommend that (i) a due share, based on accurate calculation, of the cost of all pilotage establishments should be charged to the pilotage grant, if, as it seems to us, this is not the present practice, and (ii) that interest on "capital" should, as recommended by the Incheape Committee, be taken into calculation in framing the *pro forma* accounts. The fact that the present assets were acquired out of revenue may be taken as a technical plea against our proposal, but we consider it invalid in substance. It should not be difficult to take a valuation of the assets as they are to-day and to charge interest on such value.

(xii) We are not convinced that subject to necessary safeguards the Bengal Pilot Service cannot be brought under the control of a local authority. We see many advantages in such an arrangement, if it is not found totally impracticable. The direct voice of the commercial community of Calcutta will help to keep expenditure under control. It is a local Bengal service intended for the benefit of Calcutta. We note that the Bengal Pilot Service Re-organisation Committee recommended its transfer to the Port Commissioners, Calcutta, and we propose that the question should be examined afresh.

(xiii) Finally, we observe that Commerce Department states that it has made no attempt in the past to train up men of the *sarang* class for piloting work. We admit that as a class *sarangs* do not have the necessary education to qualify for the higher posts in the pilot services, but we cannot admit that that class is not suitable material. We consider that it offers a very promising field for the recruitment of men for the navigation not only of the high seas but also the deltaic river system of Bengal including the Hooghly, and we recommend strongly that attempts should now be made to secure suitable men from this class also.

C.—Training Ship "Dufferin".

(i) Staff and expenditure have grown as shown below :—

	1928-29.	1929-30.	1930-31.	1931-32.
(1) Staff—				
Officers	5+1	4+2	4+2	6
Establishments	51	48	54	59
(2) Expenditure—				
Pay of officers	·52	·63	·60	·69
Pay of establishments	·34	·35	·41	·43
Allowances	·24	·20	·23	·28
Cadets' boarding	·14	·21	·27	·29
Total expenditure	2·06	2·35	2·40	2·38

But we must observe that the ship did not have, *ab initio*, the full complement of staff, which was strengthened as the need was felt.

(ii) The Commerce Department's view as to the possibility of reduction of expenditure has been explained in paragraph (7). We agree that the efficiency of the training imparted should not in any way be impaired. Hence we have no specific proposals to make.

GRANT No. 47.—LIGHTHOUSES AND LIGHTSHIPS (12·98 lakhs)

(9) *Explanation of the grant.*—The expenditure from the grant for lighthouses and lightships aggregating 12·98 lakhs in 1931-32 is in fact met from light dues levied on ships arriving at or departing from ports in British India. Though the receipts and expenditure are credited and debited in the Government accounts, the funds are kept apart from Government funds and are merely invested with Government. Thus, the civil estimates of Government are not affected.

(10) *Growth of expenditure.*—Before 1929-30 the expenditure related to certain lights in Burma, Sind and Bihar and Orissa and at Aden. The administration was in charge of the maritime Local Governments, and there was great diversity of practice with regard to the incidence of charges for the maintenance of lights. With effect from 1st April 1929 the scheme of centralisation relating to mercantile marine matters including lighthouses and lightships was brought into operation. The accounts were also commercialised. These two radical changes detract from the utility of the figures of cost in previous years as a guide to a study of the growth of expenditure.

The expenditure is now incurred on account of the direction at headquarters, various contributions and the establishments in the districts. It may be set out as below :—

	1929-30.	1930-31.	1931-32.
(a) (i) Direction proper*	1·03	1·60	1·42
(ii) Contributions to funds, etc.†	7·75	6·17	6·10
Total	8·78	7·77	7·52
(b) Lighthouses—			
Madras District	·59	·62	·84
Bombay District	·26	·30	·41
Karachi District	·26	·22	·21
Aden District	·45	·46	·53
Calcutta District	·06	·13	·20
Rangoon District	1·20	1·02	·89
Total	2·82	2·95	3·08
(c) Lightships—			
Karachi District	·30	·42	·29
Calcutta District	·30	·40	·45
Rangoon District	1·61	1·55	1·60
Total	2·21	2·37	2·34
Grand total for the whole grant‡	13·88	13·09	12·98

* Including cost of a portion of the Commerce Department.

† Depreciation, Additions and Replacements, Reserve, Provident and General Reserve Funds and cost of account and audit and pensions.

‡ The "grand total" figures include a few small items not shown under (a), (b) or (c) and therefore do not tally with the totals of (a), (b) and (c) in 1929-30 and 1931-32.

The direct cost of lighthouses and lightships has been given in the table in paragraph 13 (iv).

(11) *Organisation*.—As a result of centralisation Government have, since 1928-29, sanctioned a headquarters establishment consisting of a Chief Inspector (pay, Rs. 2,000—100—2,500 plus overseas pay) and two Inspectors (Rs. 1,000—50—1,500), and a staff of 17 including two foremen and six assistant mechanics, a draftsman and a commercial accountant.

A portion of the cost of the Commerce Department charges is also debited to this grant; the provision for 1931-32 for this purpose is Rs. 13,200. Overhead charges are also debited to it.

As regards lighthouses numbering 26 in all no officers but only establishments are maintained; their numbers in each district are :—Calcutta (14)*, Madras (38), Bombay (27), Karachi (9), Aden (15), Rangoon (56). No establishments are kept for the maintenance of beacons.

Lightships are maintained in Calcutta, Karachi and Rangoon districts. The South Patches Lightship in Calcutta district which used to be in Rangoon district has an establishment of 15. The lightship establishment in Karachi district numbers 16. The Rangoon district lightship staff consists of 5 officers called Commanders (paid at rates varying from Rs. 200 to 450) and 41 crew.

A comparative examination of the figures for 1926-27 to 1931-32 reveals the fact that, broadly speaking, the staff has not only not grown but has been reduced. The only important exception is the creation of the headquarters staff as a result of the scheme of centralisation.

(12) *Departmental proposals*.—Commerce Department holds that the service being a self-supporting one, no reduction of expenditure is necessary. It has therefore made no proposal to that effect.

(13) *Our proposals*.—(i) We have considered the question whether there is any point in our undertaking a scrutiny of this grant. On the grounds explained by us in paragraph B(i) of the preceding grant, while dealing with the Bengal Pilot Service, we hold that we should subject this grant also to scrutiny. But since any reduction of expenditure effected affords no relief to the civil estimates of Government, we shall omit the savings from our calculation of the total reduction of Government's own expenditure.

(ii) The posts of Chief Inspector and two Inspectors and their technical and other establishments at headquarters were created in 1928-29. We hold that one of the three posts can be reduced, especially if our proposal in the next sub-paragraph is given effect to. In fact, we are informed that at present there are actually only two officers and not three on active duty, one post of Inspector being held in abeyance. A leave reserve of one officer for a total cadre of three is uneconomical. We therefore propose that one of the two Inspectors' posts should be definitely cut out, saving nearly 14 lakh.

(iii) We see no justification for keeping the inspecting staff with their technical and other establishments at the headquarters of the Government of India. Their proper place is at the ports. Such advice as Government need can be obtained from the ports or from the Nautical Adviser, if this post is retained at the headquarters of Government. Apart from administrative convenience this arrangement should prove economical, since the expenditure on travelling allowances would, to a certain extent, be reduced. Since they are recruited for permanent work at the ports no local, compensatory, house-rent or other allowance should be payable.

* These 14 are for lighthouse work on Bihar and Orissa coast.

(iv) Leaving out the provisions for contributions to the Depreciation and Reserve funds, and accounts and audit and pensionary and provident fund charges the expenditure may be set out as below :—

	1921- 22.	1924- 25.	1925- 26.	1926- 27.	1927- 28.	1928- 29.	1929- 30.	1930- 31.	1931- 32.
Direction . . . . .	..	..	..	..	..	..	1-08	1-60	1-43
Lighthouses	1-80	1-79	1-90	1-94	1-95	1-89	2-81	2-95	3-10
Lightships	1-84	3-00	6-58	9-09	4-86	3-37	2-20	2-37	2-36

We consider that expenditure has not grown unduly in the districts. Some growth was inevitable as a result of centralisation ; new expenditure had to be incurred in Madras and Bombay, where the service had previously been financed from the Madras Coast Light Fund and the Southern and Northern Group Port Funds. But, we feel that headquarters direction expenditure has, as shown below, grown rapidly since 1929-30, when the scheme of centralisation was brought into operation.

	1929-30.	1930-31.	1931-32.
Pay of Officers . . . . .	.34	.52	.54
Pay of Establishments . . . . .	.15	.28	.37
Allowances, etc. . . . .	.16	.26	.27
Supplies (tools, etc.) . . . . .	.018	.012	.043
Contingencies miscellaneous . . . . .	.035	.040	.045

On our proposal in sub-paragraphs (ii) and (iii) some reduction on these items (except the first) should follow as a mere corollary. We think, a reduction of the whole provision for house-rent and hill-journey allowances and of ten per cent. in the expenditure on the other items is not excessive. In fact we think a larger reduction is indicated in the last three items, in which the growth of expenditure has been rapid. But, we shall keep to the ten per cent. Our proposal should yield savings as below :—

(a) Pay of establishments .04, (b) Allowances Rs. 3,300 plus Rs. 2,410, (c) Supplies and Services and Contingencies .01.

(v) The Public Works Department, Audit and Accounts Sub-Committee intimated to us that it had not taken up the question of construction of, and repairs to, lighthouse buildings and repairs to lightships. The position as it could ascertain from the Commerce Department was as below :—

New construction and improvement work in connection with lighthouse buildings have, so far, been carried out by the departmental technical staff under the supervision of the Chief Inspector. As regards repairs, the practice varies. In Bombay, Rangoon and Calcutta districts, repair is carried out through the agency of the Public Works Department, in Madras district the work is done departmentally under the supervision of the local Superintendent of Lighthouses, and in Aden and Karachi districts it has occasionally been carried out through the agency of the respective Port Trusts. In Aden even the agency of a private company

viz., the Perim Coal Company has sometimes been utilised. It has, however, been decided that in future heavy repairs in the Karachi district should be carried out through the Public Works Department.

Repairs to lighthouse machinery are carried out by the technical staff under the supervision of the Chief Inspector.

Repairs to the hulls of lightships are supervised by the Mercantile Marine Department.

We have considered the question whether any change is needed in the present practice with regard to (a) new constructions, (b) improvement and special repairs and (c) ordinary repairs to lighthouse machinery and lightships. This is a technical question and we are content to leave it to the department to introduce such modifications, if any, as appear to them necessary in the interests of economy.

(14) *Summary of savings.*—The total reduction of expenditure will be .25 lakh. It will be seen that this estimate leaves out of account the savings that will accrue from the proposals made by us in sub-paragraph (iii).

CHAPTER IX.

GRANT No. 64.—COMMERCIAL INTELLIGENCE AND STATISTICS (5.81 lakhs).

(1) *Historical*.—In April 1914 the Commercial Intelligence Department was sub-divided into two separate organisations, *viz.*, the Bureau of Commercial Intelligence and the Directorate of Statistics. In the interest of economy they were re-amalgamated from 1st December 1922, and the status of the Director of Statistics was reduced.

(2) *Functions*.—The Commercial Intelligence section collects and disseminates information likely to be useful to firms in India, especially the smaller ones, regarding India's overseas and internal trade—actual or potential. The Statistics section compiles and publishes various classes of statistics. The administration of the Commercial Library and Reading Room at Calcutta is also vested in this department.

The principal publications of this department are (i) Review of the Trade of India, (ii) Statement of the foreign sea-borne trade and navigation of British India, (iii) Indian Customs Tariff, (iv) Statistical Abstract for British India, (v) Agricultural Statistics, (vi) Estimates of area and yield of the principal crops and (vii) Indian Trade Journal. Many of the publications are annual, and a few are biennial or quinquennial. Crop forecasts and cotton press returns are issued at intervals of less than a year. The Trade Journal is a weekly; its principal features are (a) information regarding foreign tariff changes, (b) notices of tenders invited, and information regarding contracts placed by Government departments, (c) republication of Government orders and notifications on trade matters and (d) crop reports and forecasts.

The department works in co-operation with the Directors of Industries in the provinces, other Government departments, the Indian Trade Commissioner at London, His Majesty's Trade Commissioner in India, trade consular officers and other authorities interested in India's trade. A new development is the scheme of special Indian Trade Commissioners at Hamburg, Milan, New York, Alexandria, Mombasa and Durban.

(3) *Organisation and cost*.—The department is manned by four officers, *viz.*, a Director General (Rs. 2,300—50—2,500 *plus* overseas pay £13-6-8), two Deputies (one on the senior I. C. S. scale *plus* a special pay of Rs. 200 and the other on Rs. 950—1,500) and a Local Trade Intelligence Officer (Rs. 500—25—800). Officers' pay costs 81 lakh.

The ministerial establishment of 121 is estimated to cost 1.74 lakhs including the necessary provision for "honorary" trade correspondents at Rs. 50 p. m.

The inferior establishment consist of 36 servants and costs Rs. 7,600.

There are provisions of Rs. 4,500 and Rs. 800 for temporary and caretaker's establishments. A small establishment of four is maintained at Bombay at a cost of Rs. 6,600 for the collection of statistics relating to the cotton industry.

So far, India has special trade representation at London and Hamburg only; this expenditure is not included in this grant but is shown in the High Commissioner's budget. An officer recently selected for the trade commissioner-ship at Milan is under training in India; his salary (Rs. 8,800 for 11 months) and travelling allowance (Rs. 1,000) are provided in this grant.

Additional staff estimated to cost Rs. 13,800 in 1931-32 was sanctioned in pursuance of the scheme, estimated to cost 2.26 lakhs a year (*viz.*, Rs. 13,800 for establishments and Rs. 2,12,100 for subsidies to railways and steamship lines), for the monthly and, in selected cases, weekly compilation of statistics of inland trade—rail and river-borne. But, this entire scheme has now been

held in abeyance. On the other hand, three other new schemes have been initiated during the current year and it is not proposed to hold them in abeyance. These schemes and the estimated cost of each are :—

- (i) Two additional clerks for compiling the statistics of the trade passing through the Kathiawar ports (Rs. 1,300).
- (ii) A Deputy Superintendent, one Assistant and 3 clerks for the improvement and extension of agricultural statistics (Rs. 7,800).
- (iii) Two temporary assistants for the analysis of the existing statistics bearing on the economic position and tendencies in India (Rs. 2,400).

(4) *Growth of expenditure—*

1913-14, 1921-22, 1924-25, 1925-26, 1926-27, 1927-28, 1928-29, 1929-30, 1930-31, 1931-32.
(budget.) (budget.)

Expenditure 1·51* 2·97 3·04 2·47 2·43 2·67 2·96† 3·21† 3·26† 5·81

*This 3·04 includes an arrear payment of ·51 to three Local Governments.

†Including Rs. 35,000 for priced publications which are now supplied free.

The Director General's pay was revised in 1926 from the senior I. C. S. scale *plus* a special pay of Rs. 300 to Rs. 2,300—50—2,500 *plus* O. P. of £13-6-8. Since 1924-25 ministerial and inferior establishments have increased by 60 and 9 respectively, and their pay has been revised. The increased cost of "allowances, honoraria, etc.," is due to the grant of compensatory and house-rent allowances, and, to a very small extent, to the grant of the Lee concessions. On the other hand, the payments to railways, steamship lines and local Governments (apart from the inland trade statistics scheme) have decreased from ·48 (net) to ·25, in spite of the initiation of a new service costing ·10, *viz.*, rail and river-borne statistics relating to raw cotton. In pursuance of the Cotton Industry (Statistics) Act of 1926 another new service has been undertaken; the 1931-32 provision for it is Rs. 8,000. Fresh items of expenditure included in the 1931-32 budget have been fully explained in paragraph 3.

(5) *Inchcape and departmental proposals.*—The Inchcape Committee proposed that the budget should be reduced from 4·80 to 2 lakhs. It was accordingly brought down to 2·12 in 1924-25, but the actual expenditure in that year was 3·04 including ·51 for arrear payments.

The Commerce Department at first offered a saving of Rs. 12,155, but no portion of it is permanent. The department's view was that "no permanent saving can be proposed without giving up the new schemes sanctioned, after very careful investigation, for the improvement of statistics under various heads", and it added that it would strongly deprecate the permanent abandonment of the scheme for the revival of inland trade statistics.

Subsequently, the department offered to replace the Local Trade Intelligence Officer, when he retired, § by the officer at present under training for the trade commissionership at Milan. Further, the provision required for the newly appointed Deputy Director General, *viz.*, Rs. 1,500 a month would be less than the provision for the present I. C. S. officer. The Department thus offered a saving of ·32 lakh under "Pay of officers". The omission of the extra establishment provided in the 1931-32 estimates would enable the cost of establishment to be reduced from 2·17 to 1·92 lakhs, after allowing for the accrual

§ He was due for superannuation in June 1931.

of increments, and an additional saving of Rs. 2,000 would accrue under allowances. Besides, it offered to drop the scheme for the revival of inland trade statistics. The total reduction of expenditure offered would thus amount to 2.55 lakhs.

As regards the offer to keep the trade commissionership at Milan in abeyance, paragraph 6 (vii) of our proposals may be seen. We would further observe that the saving due to the appointment of a cheaper officer as Deputy Director, Commercial Intelligence, is automatic.

(6) *Our proposals.*—At a time of such acute financial stress all recent growth in this department except such as is clearly proved to be essential must be lopped off. We do not think that the Commercial Intelligence section should be closed down and only the statistics section maintained. We are satisfied that the relatively small expenditure on the former is justified by the services rendered to the trade, specially to the small firms. But, we hold that the department has been allowed to grow apace since 1924-25. Our proposals on the new activities will lead up to those relating to the staff.

(i) The following seem to be the new schemes sanctioned since 1924-25, viz—

(a) 1925-26.—Scheme to strengthen the office by the appointment of two clerks. Average cost Rs. 1,875.

(b) 1926-27.—(i) Strengthening of the office by the creation of four additional appointments of compilers and (ii) revision of pay of the stenographers. Average annual cost Rs. 4,400.

(c) 1927-28.—Entertainment of two clerks in connection with the statistical returns of cotton goods and yarn produced in Indian mills. Immediate extra cost Rs. 1,310; average annual cost about Rs. 2,000.

(d) 1927-28.—Creation of additional appointments of three Assistants two clerks, 1 Daftary and two peons for strengthening the office. Immediate extra cost Rs. 5,700; average cost Rs. 10,000.

(e) 1927-28.—Revision of pay of the clerical staff. Immediate extra cost Rs. 4,000; average annual cost Rs. 25,000.

(f) 1929-30.—Strengthening of the staff by the creation of one additional post in the Upper Division and two additional posts in the Lower Division and grant of a special allowance of Rs. 50 per mensem to the Assistant-in-charge of the Trade Journal. Immediate extra cost Rs. 2,970.

(g) 1930-31.—An additional clerk for the revision of some statistical forms relating to sea-borne trade returns and customs duty. Immediate extra cost Rs. 700 and average Rs. 1,230.

(h) Eight Honorary Trade Correspondents, six Assistants and four clerks for the analysis and improvement of the existing statistics illustrating or bearing upon the economic condition of, and tendencies in, India. Immediate extra cost Rs. 13,600. We should, however, add that these eight Honorary Trade Correspondents were, in fact, never appointed.

(i) 1930-31.—Four additional peons. Immediate cost Rs. 700.

(j) 1931-32.—(i) Inland trade statistics—rail and river-borne, (ii) Statistics of trade passing through Kathiawar ports, (iii) Improvement and extension of agricultural statistics, (iv) Extension of scheme (h).

Out of the schemes mentioned above we think only (b) (ii), (c), (e) and (j) (ii) should be maintained. Some of the others merely represent a

reversal of the retrenchment effected before and after the enquiry by the Inchcape Committee. The savings from the cancellation of three of the 1931-32 schemes will be 2.36 lakhs. As regards savings from the cancellation of the schemes sanctioned in earlier years, we shall lump them with the savings proposed by us in sub-paragraph (iv). It will be seen that our proposal in that sub-paragraph will still enable some of these schemes to be alive.

(ii) When the present incumbent gives up charge, the head of the Department may be designated Director and not Director General. Although the change of name does not necessarily involve immediate reduction of expenditure, in this particular case it will, we think, be distinctly helpful in connection with the revised scale of pay which may be fixed for this post.

For managing the reduced activities we consider that two officers, *viz.*, the Director General and a Deputy should be sufficient. The post held by the I. C. S. Deputy should be abolished, and not merely replaced by a cheaper appointment. The savings on pay alone will be Rs. 20,100.

If necessary, one of the Superintendents with some aptitude for intelligence work might be designated as Assistant Director General and paid a small special pay of, say, Rs. 50 for increased work and responsibility.

We may here observe that in 1913-14 this department had the following officers, *viz.*, a Director (on Rs. 2,000), an Assistant Director (on Rs. 900) in charge of statistics and a Personal Assistant (on Rs. 500).

(iii) We are not satisfied that a Local Trade Intelligence Officer at Calcutta is necessary. We observe that there is no such officer at any of the other commercial centres; the need for maintaining one at the headquarters of the department cannot be greater than, *e.g.*, at Bombay. This post should be abolished. The Deputy and the Assistant Directors should be able to keep the department in touch with local commercial interests. Savings Rs. 9,600 (pay) *plus* Rs. 500 (compensatory allowance) or say, Rs. 10,000. The present incumbent was due for superannuation in June 1931.

(iv) The establishments should be reduced by one-tenth, saving .20 lakhs.

We may add that even under this proposal the department will still have a ministerial establishment of 109 (against 86 in 1913-14 and 82 in 1924-25) and a menial establishment of 32 (against 25 in 1913-14 and 29 in 1924-25). In this connection it should also be remembered that in sub-paragraph (i) we have proposed the cancellation of certain schemes initiated or revived since 1924-25.

(v) Since the staff is recruited for work at Calcutta, the concession of compensatory and house-rent allowances should be abrogated. Out of the provision of Rs. 6,000 we estimate that about Rs. 5,000 will be saved.

The provision for travelling allowances may be reduced from Rs. 5,700 to Rs. 4,200, saving Rs. 1,500.

Under Contingencies the provisions of Rs. 2,000 for furniture and Rs. 4,500 for postage, etc., may be reduced so as to save Rs. 2,000. Curtailment of activities as proposed by us in sub-paragraph (i) will enable this saving to be effected without serious difficulty.

(vi) We agree that the Trade Journal should be maintained. It has, in a sense, been "self-supporting" for many years. But the heavy loss of one year of trade depression (1929-30) was enough to wipe out the "profits" (so-called) of the preceding three years. Though the accounts for 1930-31 are not available, the results are likely to be little better, perhaps worse, than

those for 1929-30. We observe that the "costing" ignores numerous important items of expenditure in commercial accounting. The questions of reducing the cost of production and increasing the price are under the Commerce Department's consideration. Hence all we need say is that a due share of all overhead and other expenditure, as understood in commercial accounting, should be included in the cost of production.

(vii) We cannot support the Commerce Department's decision to hold up the further progress of the scheme of special Indian trade commissionerships; commercial opinion is strongly in favour of the scheme and the benefit to India's trade through the direct trade relations, which the scheme will help to establish, will be adequate return for the expenditure involved. We urge that this scheme should be given priority over any of the schemes mentioned in sub-paragraph (i), if and when it is found feasible to enlarge the grant for this Department.

We have examined the scales of pay proposed for these posts. Except for New York, they appear to us unduly liberal. The officers to be appointed in the future and if possible even the officer selected for the Milan post should be put on the revised scales which may be fixed after an examination of the general question relating to pay, etc.

While we cannot give an estimate of the financial effects of this recommendation, it is clear that the 1932-33 budget will be reduced by Rs. 9,800, unless the training of the officer selected for Milan has to be continued or a new officer is selected for another trade commissionership.

(viii) Although we have for the present agreed to the Department's proposal to drop the scheme for internal trade statistics, we wish to make it clear that we have done so with considerable reluctance and only in view of the very difficult financial situation facing Government. We trust it will soon be possible for the Department to revive the scheme.

(7) *Summary of savings.*—On our proposals the immediate reduction of expenditure will be 2·86 and ·10 more when the officer selected for the trade commissionership at Milan is appointed to that post. So far as this grant is concerned, we have left out of account the additional expenditure which will be incurred when, *in pursuance of the present accepted policy*, effect is given to our proposal in paragraph 6 (vii).

CHAPTER X.

GRANT No. 65.—CENSUS (33·89 lakhs).

(1) *Explanation of grant.*—The decennial census (enumeration) of India was duly carried out in March 1931. The post-enumeration work, *viz.*, the abstraction and compilation of statistical information is in progress and is expected to go on during 1932-33. The work is in charge of the Census Commissioner.

The total estimated cost is 58·55 lakhs. Of this ·27 lakh was incurred in 1929-30 and 14·22 lakhs was the revised estimate for 1930-31. The amount provided in the current budget is 33·89 lakhs (*i.e.*, 6·02 for superintendence, ·53 for enumeration, 25·75 for abstraction and compilation, ·53 for miscellaneous staff and 1·06 for printing and stationery). 10·17 lakhs was originally estimated for the completion of the census operations in 1932-33. This estimate is now 9·75 lakhs.

In April 1931 the Finance Department reduced the 1931-32 budget provision by 5·74 lakhs, but later agreed to reduce this figure to 2·11 lakhs. It now appears probable that in place of this 2·11 lakhs the actual reduction effected will be only about a lakh.

(2) *Proposals.*—(i) The Census Commissioner has told us that census work is well ahead of the programme and that compared with the last census substantial saving of time is expected. Since the operations started, he has agreed to omit certain forms. Thus, compared with the last census, this census is expected to be carried out cheaply and expeditiously. We agree that it will be false economy to insist on any reduction of expenditure which will cause delay in the completion of the operations.

(ii) We consider that a special pay of Rs. 500 for the Census Commissioner is excessive, but since the work is likely to be completed by the end of 1932-33 we refrain from proposing that it should be reduced. At the same time we would like a note to be made that in connection with future census operations the special pay should not be pitched so high.

(3) *Summary.*—The present estimate of 9·75 lakhs for 1932-33 may remain unaltered. Even then there will automatically be an improvement in the budget position of 1932-33 by about 24·14 lakhs.

CHAPTER XI.

GRANT No. 66.—EMIGRATION—INTERNAL (.47 lakhs).

(1) *Explanation of grant.*—Under the existing constitution inter-provincial migration is a central subject, the administration of which rests mainly with Local Governments acting as the agents of the Government of India. Except in regard to migration to the eight labour districts of Assam, inter-provincial migration of labour in India is unrestricted. The law regulating migration applies at present to the following provinces—Madras, Bengal, United Provinces, Bihar and Orissa, Central Provinces and Assam. There are no restrictions on migration to Burma. But the Local Government have appointed (i) one of their officers (Director of Statistics and Labour Commissioner, Rangoon) to be the Protector of Immigrants and Emigrants, and (ii) also a whole-time Assistant Protector charged with the duty of seeing to it that deck passengers are not subjected to unnecessary hardships on arrival at, or departure from, Rangoon.

(2) *Organization and cost.*—The 1931-32 grant is Rs. 47,000. (i) Out of this, Rs. 6,000 represents the fixed contribution of Rs. 500 p. m. made by the Government of India towards the salary of the Chairman, Assam Labour Board. (ii) Administration and medical establishments in Assam cost Rs. 8,700 and Rs. 9,900 respectively, and other expenditure amounts to Rs. 4,100. On the other hand, the Assam Government make a contribution of Rs. 4,700 towards the cost (Rs. 8,700) of the administrative establishments. (iii) For Bengal there is a provision of Rs. 9,000 for two Assistant Superintendents of Emigration at Goalundo and Asansol, two Assistant Superintendents (non-gazetted) at Naihati and Kharagpur, a clerk, five servants and other expenditure. (iv) The provision of Rs. 1,000 for Madras only covers the pay and leave salary of two clerks. (v) Of the total provision of Rs. 13,000 for Burma, the Government of India's share of the cost of Protector is Rs. 4,000. The whole-time Assistant Protector of Immigrants and Emigrants costs Rs. 7,200. The rest of the Burma grant covers the pay of two servants, conveyance allowance of Rs. 600 and some miscellaneous expenditure.

(3) *Growth of expenditure.*—Expenditure on "internal emigration" has varied as below :—

1913-14.	1921-22.	1922-23.	1924-25.	1929-30.	1931-32.
.70*	1.00	.90	.53	.43	.47

*An approximate figure arrived at by a division of total expenditure on emigration—both internal and external—in the 1922-23 proportions.

(4) *Department's proposals.*—Originally the Department of Industries and Labour offered savings of Rs. 3,355. It is not easy to ascertain which portion of this offer represented permanent reduction of expenditure. Subsequently the Department offered a reduction of Rs. 15,800 mainly by omission of the current year's provision of Rs. 13,000 for internal emigration under Burma.

(5) *Our proposals.*—(i) As regards Burma, the entire position was reviewed by the Royal Commission on Labour. They found that the appointment of the Protector "apparently arose out of a temporary situation connected with the over-crowding of deck passengers". They considered the position unsatisfactory and recommended the appointment of a whole-time Protector with statutory powers to enter industrial establishments employing Indian

labour. Now that the Government appear to have taken their decision on this point, we recommend that the department's offer to save Rs. 13,000 under this head be accepted.

(ii) As regards Assam, the Government of India contribute Rs. 6,000 towards the pay of Chairman, Assam Labour Board. They also maintain certain administrative establishments in Assam (consisting of nine clerks and six servants) at a total cost of Rs. 8,400 *plus* Rs. 300. Even after deducting the Assam Government's contribution of Rs. 4,700, the amount which is to be met out of central revenues is Rs. 4,000, this being approximately equivalent to the pay of eight clerks at the rate of Rs. 40 per mensem. The medical staff consists of two sub-assistant surgeons and a compounder; they are employed at debarkation depots for emigrants at Gauhati and Tezpur. These depots passed nearly 60,000 and 5,000 emigrants respectively during the twelve months ending June 1930. Considering the disproportion between medical work at Gauhati and that at Tezpur, it may be possible to abolish the post of sub-assistant surgeon at Tezpur. The Assam Government may be called upon to make arrangements for medical inspection of steamers carrying emigrants, quarantine, disinfection, hospital for infectious diseases, rest houses for labourers and the arrangements for their feeding. In the absence of detailed information and the views of the Assam tea industry, we are not at present in a position to make a specific recommendation that the whole or any part of this cost should, on the analogy of the cess paid by that industry for the maintenance of the Assam Labour Board and its contribution towards the cost of the immigration hospital, be recovered from it. We propose that this question may be examined. For the present we are content to recommend the acceptance of the departmental offer to save Rs. 2,800 on the rest of the grant for internal emigration. We hope, however, that the reduction will not in any way weaken the vigilance exercised by Government in the interests of the welfare of the Indian labourer emigrating to Burma and Assam.

(6) *Summary of Savings*.—Rs. 15,800 = 16 lakh.

CHAPTER XII.

GRANT No. 68.—JOINT STOCK COMPANIES (1.43 lakhs).

(1) *Functions and Organisation.*—This Department is charged with the performance of statutory duties under the Indian Companies Act (VII of 1913). Generally speaking, the Local Governments act as agents for the Government of India. Except for a Registrar and an Assistant Registrar for Bengal, a Registrar for Bombay, and an Assistant Registrar at Madras, no officer is paid direct by the Government of India. In most provinces, however, the Government of India maintain special establishments for this work. The following table sums up the present arrangements and their cost :—

Province.	Officers.		Establishments.		Allowances, etc.	Contingencies.	Payments to Local Govts.	Total Expenditure.	Receipts.	Surplus (+) or Deficit (-).
	Number.	Cost.	Number.	Cost.						
Bengal	2	21	23	12	001	04		27	1 00	+ 63
Madras	1	04	12	09	08	01	15	22	25	+ 03
Bombay	1	10	10	10	01	08		22	25	- 03
U. P.			6	05			09	14	10	- 04
Punjab		03	4	03	01	01		08	16	+ 08
Burma			3	03		02	03	08	08	Nil
B. and O.						01		01	04	+ 03
C. P.			1	02	001	042		03	03	Nil
Assam			1	02		003		02	05	+ 03

(2) *Expenditure and receipts.*—Including charges and receipts in the minor administrations the expenditure and receipts of this department have been as below :—

	1921-22.	1924-25.	1926-27.	1929-30.	1931-32.
Expenditure	1 30	1 35*	1 44	1 29	1 43 *Including arrears of '09 and '08 paid to Madras and Punjab.
Receipts	2 02	1 56	1 73	2 39	2 16

The growth of expenditure is mainly due to the payment, since 1924-25, of establishment charges to the Government of Burma and to the accrual of normal increments.

For India as a whole, though not for each individual province, receipts have always exceeded the expenditure.

(3) *Departmental proposals.*—Commerce Department has proposed a saving of Rs. 7,130 including (a) Rs. 1,050 not required because this amount merely represents excess budget provision due to mere rounding off of figures for budget purposes and (b) Rs. 6,080, of which only a small portion is claimed to be of a permanent character. The department's view is that as the expenditure is at present more than covered by fees, it would be necessary to make a reduction in fees, if the expenditure were reduced to any considerable extent.

(4) *Our proposal.*—We do not share the department's view mentioned above. Since there always has been a surplus of receipts over expenditure, we see no reason why in the interests of their own financial position Government should not try to enlarge it. We understand that the Registrar at Bombay is a part-time officer, his other duty being that of Administrator-General, Bombay. His salary as Registrar is Rs. 1,200—50—1,800. In Bengal, on the other hand, the whole-time Registrar gets only Rs. 800—50—1,200. We cannot see the reason for this wide divergence between the Bombay and the Calcutta scales of pay, and recommend that the Bombay post should be placed on the Calcutta scale as soon as practicable. The saving will then be about Rs. 9,000.

(5) *Summary of savings.*—Rs. 09 lakh.

CHAPTER XIII.

GRANT NO. 69.—MISCELLANEOUS DEPARTMENTS (6·57 lakhs).

(1) The following portions of this grant for which provisions exist in the 1931-32 budget were not dealt with in the first part of our Interim Report, viz. :—

B.—Examinations.

D.—Controller of Patents and Designs.

E.—Actuary to the Government of India.

G.—Miscellaneous—Buxshire Coal Depot.

I.—Courts of Enquiry and Boards of Conciliation constituted under the Trade Disputes Act, 1929.

We shall now deal with these *seriatim*.

B.—*Examinations.*

(2) The total provision for 1931-32 is Rs. 69,100 and is accounted for as follows :—

- (I) India—Public Service Commission (Rs. 64,000) and India—Bengal (Rs. 100). (II) Madras (Rs. 1,000). (III) Bombay (Rs. 1,000). (IV) United Provinces (Rs. 1,000). (V) Punjab (Rs. 1,000). (VI) Burma (Rs. 1,000).

The provisions shown against the provinces are intended to meet the travelling allowance of the members of the Selection Committees and contingent expenditure in connection with the examination for recruitment to the Indian Police Service in India.

(3) A permanent reduction of Rs. 14,000 has been offered by Home Department and we recommend its acceptance. In this connection our observations on the grant for the Public Service Commission may be seen.

D.—*Controller of Patents and Designs.*

(4) *Functions.*—This office is a statutory institution under section 55 (1) of the Indian Patents and Designs Act of 1911. Its principal function is to examine applications for patents in accordance with the provisions of Section 5 of that Act. Fees are charged for the service rendered to the public.

(5) *Organisation.*—The office is manned by seven officers, viz., a Controller (pay, Rs. 1,000—50—1,500) and six Examiners (pay, Rs. 300—25—800). The establishments consist of a Superintendent, 21 clerks and 17 servants.

The Controller gets a compensatory allowance of Rs. 100 per mensem and one of the Examiners gets a special pay of Rs. 100 per mensem.

(6) *Cost and its growth.*—Of the total 1931-32 provision of Rs. 98,200, the pay of officers and establishments absorb Rs. 44,200 and Rs. 39,100 respectively. The other provisions are Rs. 900 for travelling allowance, Rs. 1,200 for compensatory allowance to the Controller, Rs. 7,000 for the printing up of specifications and Rs. 5,800 for contingencies.

The following tables show the growth of (a) receipts and expenditure, and of (b) staff, (c) scales of pay and (d) expenditure on the detailed heads. An analysis of the principal reasons for the growth of expenditure has also been given—

(a) Receipts and expenditure.

	1914.	1922.	1924.	1926.	1927.	1928.	1929.	1930.	1931.
Receipts . . . . .	.75	1.39	1.30	1.49	1.58	1.78	2.04	2.05	2.10
Expenditure . . . . .	.40	.50	.50	.64	.64	.74	.83	1.03	.98
Net Profit . . . . .	.35	.81	.80	.85	.94	1.04	1.21	1.02	1.12

(b) Growth of staff.

	1913-14.	1922-23.	1924-25.	1929-30.	1930-31.	1931-32.
Controller	1	1	1	1	1	1
Examiners	Nil	2*	3*	3	6	6
Ministerial	7	10	12	14	22	22
Servants	7	11	12	13	17	17

*They were then called Assistant Examiners.

(c) Scales of pay of officers.

	1913-14.	1924-25.	1930-31.	1931-32.
Controller	1,400—1,800	750—50—1,200	1,000—1,500	1,000—1,500
Examiners	Nil	300—750	250—750	300—25—800

(d) Expenditure (in lakhs) under detailed heads.

	1913-14.	1922-23.	1924-25.	1929-30.	1930-31.	1931-32.	
Pay of officers	} .40	.24	} .41	.26	.36	.44	
Pay of establishments . . . . .		.22		.33	.38	.39
Allowances . . . . .		.01		.02	.02	.02
Printing charges06		.05	.24	.28	.07
Contingencies05		.04	.06	.08	.06
Total gross expenditure. . . . .	.40	.58	.50	.90	1.12	.98

It will be seen that the principal reasons for the recent growth of expenditure (against which there has been a growth of receipts also) is the growth of staff necessitated by an increase in the number of applications and the decision to tighten up the procedure relating to the examination of applications so as to bring it into line with British procedure. The scales of pay for the officers

were also revised. We must also observe that in the light of the actuals of previous years, we fear the actual expenditure on printing will perhaps exceed the budget provision of Rs. 7,000.

(7) *Departmental proposals.*—The Department of Industries and Labour claims that this office was never intended to be a revenue-earning office. Hence, no savings were at first offered. Subsequently however it offered to keep the 1932-33 budget down to the 1931-32 level in spite of the inevitable growth due to the accrual of annual increments. This amounts to an offer to effect a saving of Rs. 3,025.

(8) *Our proposals.*—(i) We do not accept the department's claim that this office was never intended to be a source of revenue. The figures given in table (a) above show that there has always been a net surplus. We do not see why the surplus should not be made as large as possible without raising the fees charged to the public. We may here add that the full cost (including pensionary charges) are not included in the figures given above.

(ii) We see no reason why the compensatory allowance of Rs. 100 p. m. to the Controller, which was sanctioned in 1926 when the Controller's pay was on the scale of Rs. 750—50—1,200, should be continued. The Controller's scale of pay was only recently substantially raised and on 1st April 1932 his actual pay will be Rs. 1,100. The entire staff is recruited for work at Calcutta and therefore the cost of living at Calcutta is not quite a relevant argument. In our opinion this allowance should be abrogated.

(iii) Similarly we see no reason why one of the Examiners should get a special pay of Rs. 100 p. m. Their scales of pay were also raised only recently. We observe that the special pay was granted in lieu of the creation of a post of Assistant Controller. We cannot accept this as a valid ground and can see no justification whatever for it. In our opinion it should be abrogated.

(iv) We further hold that the staff has grown with undue rapidity even after making allowance for the increased work resulting from the recent amendment of the law. We think the number of officers, clerks and servants can all be reduced to a certain extent without prejudice to the service rendered to the public. The department agrees that one officer's post can perhaps be reduced, and we propose that it should be reduced. Saving will be about Rs. 5,000. We have examined the department's case in justification of the existing number of servants and have not found it altogether convincing. We propose that two clerical posts and two posts of servants should be abolished. On these proposals the savings will be Rs. 3,000 and Rs. 400 respectively.

(v) Contingencies should be reduced by ten per cent., saving Rs. 580.

(9) *Summary of savings.*—On our proposals the total reduction of expenditure will be Rs. 11,380 or say 11 lakh.

E.—Actuary to the Government of India.

(10) *Function and Organisation.*—The Actuary's function is to do actuarial work on behalf of the Government of India in relation to postal and other departments and in connection with the administration of the Indian Life Assurance Companies Act (VI of 1912) and the Indian Insurance Companies Act (XX of 1928). The office consists of an Actuary (pay, Rs. 1,300) and an Assistant Actuary of non-gazetted status (pay, Rs. 300).

The ministerial and other establishment forms a part of the Commerce Department.

(11) *Expenditure.*—The scales of pay for officers and total expenditure on the Actuary's office have varied as below :—

	1913-14.	1921-22.	1924-25.	1929-30.	1931-32.
<i>(a) Scales of pay.</i>					
Actuary	1,750	2,000	2,000	2,000	1,300
Assistant Actuary	<i>Nil</i>	500	500—550	300	300
<i>(b) Expenditure.</i>					
(i) Pay of Officers	·20	·24	·30	·31	·15
(ii) Pay of establishment . . . . .	..	·06	..	·01	·04
(iii) Other charges	·01	·02	·02	·01	·02

(12) *Proposals.*—(i) No reduction has been proposed by the Actuary or the Commerce Department. Considering that the budget of Rs. 20,900 consists of Rs. 19,100 for the pay of the Actuary and his Assistant, and Rs. 800 for travelling and Rs. 1,000 for hill-journey allowances, there is very little scope for retrenchment.

(ii) We have considered the question whether the Assistant Actuary should be retained. Our conclusion is that his post cannot be abolished.

(iii) In our opinion, however, the Actuary's office should be located at Delhi along with the Commerce Department or a part of it. His duties do not appear to us to render it necessary that his office should move up and down with the Government of India. This will yield a saving of Rs. 1,000.

G.—Bushire Coal Depôt.

(13) The recoveries, *viz.*, Rs. 2,000, exceed the expenditure (Rs. 400 pay of Tindal and Rs. 700 for rent of godowns) by Rs. 800. We have no proposals to make.

I.—Courts of Enquiry and Boards of Conciliation.

(14) *Explanation.*—The 1931-32 provision is only Rs. 500, *viz.*, Rs. 300 for allowances and Rs. 200 for other charges. The actual expenditure in 1929-30 was Rs. 6,643, *viz.*, Rs. 3,585 for "officers", Rs. 981 for establishments, Rs. 1,536 for allowances and Rs. 541 for other charges. The budget for 1930-31 was Rs. 10,000.

When such a body is set up, fees and travelling allowances for the Chairman and members, expenses for witnesses and the cost of the establishment are found by Government. Whether it will be necessary to set up a Court of Enquiry or a Board of Conciliation in 1932-33 and subsequent years cannot be known beforehand. Hence, the only question we could usefully investigate was whether any modification of the terms on which the members are appointed to serve on such bodies is needed. We have been informed that there is no hard and fast rule governing such terms. In the past no Court of Enquiry was set up, but in 1929-30 one Board of Conciliation was appointed. Its Chairman

was a retired judge of the Calcutta High Court and he was given Rs. 50 per diem. A daily allowance of Rs. 15 was paid to each of the other two members nominated by the parties to the dispute.

(15) *Proposals*.—We do not know the terms on which the members of the recently constituted court of enquiry into the dispute between the Railway Board and the All-India Railwaymen's Federation over the question of staff retrenchment have been appointed. But, judging by the terms on which the members of the Board of Conciliation constituted in 1929-30 were appointed, we have no proposals to make.

Summary of savings on the grant.

(16) On our proposals relating to items B, D, E, G, and I of this grant, the savings will be 26 lakh as below :—

Rs.
14,000—B.—Examinations.
11,380—D.—Patents and Designs.
1,000—E.—Actuary.
<i>Nil</i> —G.—Buxhire Coal Depôt.
<i>Nil</i> —I.—Courts of Enquiry and Boards of Conciliation.
26,380

CHAPTER XIV.

GRANT NO. 71.—CURRENCY (50·25 lakhs).

(1) *Explanation of grant.*—This grant of 50·25 lakhs may be set out as follows :—

(i) Controller of Currency and the two Deputy Controllers at Bombay and Calcutta and their offices	4·22
(ii) Reserve for temporary establishment	1·00
(iii) Cost of currency note forms	17·80
(iv) Cost of maintaining the seven currency offices	16·82
(v) Currency Note Press	·03
(vi) Remittance of Treasure [Railway freight (4·33), police escorts (1·69), other charges (4·22)]	10·24
(vii) Works	·13
(viii) English charges on stores	·01

(2) *Functions.*—The Currency Department is charged with the

- (i) purchase, sale, import and export of silver and purchase and export of gold for Government,
- (ii) issue and sale of treasury bills and telegraphic transfers on London and remittances to the Secretary of State,
- (iii) watching of treasury balances and Government reserves and their distribution,
- (iv) issue and sale of Government loans,
- (v) questions relating to currency notes,
- (vi) remittance of treasure, and
- (vii) withdrawal of coin.

(3) *Organisation and cost.*—(a) The Controller's Office at Calcutta consists of the Controller (pay, Rs. 3,000—3,500), a Deputy Controller (pay, Rs. 1,500—1,800) and a Personal Assistant to the Controller (pay, Rs. 650). The establishment numbers 86.

The Bombay office is in charge of a Deputy Controller whose duties are more responsible than those of the Deputy at Calcutta and include those of a local intelligence officer. His pay is Rs. 2,000—2,500. He is assisted by an Assistant Currency Officer (pay, Rs. 500—850) and an establishment of 30.

The cost of these two controlling offices is as below :—

	Officers.	Establishments.	Allowances.	Contingencies.	Total.
Calcutta	·74	1·60	·25	·42	3·01
Bombay	·40	·47	·15	·19	1·21

(b) There are in all seven Currency Offices, each in charge of a Currency Officer. Their staff and cost are as follows :—

	Calcutta.	Bombay.	Madras.	Rangoon.	Lahore.	Cawnpore.	Karachi.	Total.
Number of Officers	1+2	1+2*	1	1	1+1	1+1	1	7+6
Number of Establishments†	538	258	170	134	123	107	37	1,367
Total cost (lakhs)	6.03	3.46	1.93	1.91	1.49	1.41	.59	16.82

In the currency offices the strength of the establishment on the treasurer's side is determined automatically.

(4) *Growth of expenditure.*—Comparison with the figures of previous years is vitiated by many factors, as the following illustrative table in which certain items included in the totals are separately shown :—

	1913-14.	1924-25.	1929-30.	1931-32.
Total expenditure	35.64	57.49	44.18	50.25
Stores	18.94	21.54	8.87	.01
Press	Nil	Nil	4.58	.03
Currency note forms	Nil	Nil	Nil	17.80
Remainder	16.70	35.95	30.73	32.45

If these items with their violent fluctuations due to changes of policy (e.g., the decision to manufacture currency notes in India) or of methods are excluded, the figures (last line of the above table) would give a better idea of the growth of expenditure. A still more reliable comparison can be made with the help of the figures of expenditure on certain selected items in respect of which policy or methods have not changed much. These are—

	1921-22.	1924-25.	1929-30.	1931-32.
(i) Controller, Deputies and their offices	3.41	3.78	3.82	5.22‡
(ii) Currency Offices	16.35	15.41	17.30	16.82
(iii) Remittance of Treasure	7.40	8.01	9.73	10.24
(iv) Contingencies . . . . .	.64	1.44§	1.74	1.70

It should, however, be noted that the one-rupee note the handling of which had resulted in a very large increase of work in the currency offices was discontinued in 1926 and that since 13th June 1931 notes of the Rs. 500 and Rs. 1,000 denominations are universal.

(5) *Departmental proposals for economy.*—Neither the Controller nor the Finance Department at first offered any permanent retrenchment. But, later the department decided to give a trial to the re-issue of at least 25 per cent. of old notes received in the Currency offices. Uptil now the practice has been

*Issue Officer and Coin Officer.

†Viz., Treasurers, superintendents, caretakers, tellers, shroffs, stenographers, clerks, etc.

‡Includes 1.00 as reserve for temporary establishment.

§This figure is approximate.

to issue only unissued notes. The financial effect of this change of practice is expected to be as below (savings are shown as +) :—

(i) Saving in the cost of new note forms	+4.45
(ii) Cost of 82 men owing to a net reduction in the rate of examination	— .95
(iii) Saving in sorting, listing, etc.	+ .10
(iv) Deduct for disappearance of present profit from manufacture of note forms owing to smaller outturn	—2.00
Net Total	<u>+1.60</u>

At a later stage of our enquiry, however, Finance Department offered to effect the following economies on the "average cost" basis, viz. :—

	Savings. Rs.
(a) Abolition of the posts of 1 Assistant Superintendent and 4 clerks in the office of the Controller of the Currency, Calcutta	16,200
(b) Abolition of the post of the Assistant Currency Officer at Cawnpore by retiring the seniormost Assistant Currency Officer	8,160
(c) Abolition of the post of a clerk on the Treasurer's branch of the Cawnpore Currency Office	900
(d) Abolition of the post of a clerk on the general branch of the Cawnpore Currency office	900
(e) Abolition of the post of a clerk in the Treasurer's branch of the Lahore Currency Office	900
(f) Abolition of the post of 1 Assistant Treasurer, 2 Tellers, 21 clerks and 5 shroffs on the Treasurer's branch of the Calcutta Currency Office	37,000
(g) Abolition of 4 posts of clerks on the general branch of the Calcutta Currency Office	5,000
(h) Abolition of the posts of 1 Assistant Superintendent, 6 clerks and 1 peon on the general branch of the Madras Currency Office	3,688
(i) Abolition of the posts of 2 Assistant Treasurers, 1 Teller and 8 Note Examiners on the Treasurer's branch of the Madras Currency Office	14,508
(j) Abolition of the post of 2 shroffs in the Rangoon Currency office (lying vacant for a long time) . . . . .	..
(k) Reduction from the whole-time Currency Officer to a half-time Currency Officer (Rangoon)	4,800
(l) Abolition of the post of 4 clerks on the general branch of the Bombay Currency office lying vacant for a long time . . . . .	..
(m) Abolition of 1 post of clerk on the general branch of the Bombay Currency Office, which has recently fallen vacant	1,200
(n) Abolition of 3 posts of clerks on the Treasurer's branch of the Bombay Currency Office	3,600
(o) Abolition of the post of 1 Assistant Superintendent on the general branch of the Bombay Currency Office	2,400
(p) Abolition of the post of 1 clerk on the Treasurer's branch of the Karachi Currency Office	960
(q) Abolition of the post of two clerks and one peon of the office of the Deputy Controller of the Currency, Bombay	3,540
(r) Lump provision in the Controller of the Currency's budget for temporary establishment	50,000
(s) Reduction of the rent payable to Imperial Bank of India on account of Deputy Controller of the Currency, Bombay's office accommodation	900
(t) Non-acceptance of house-rent allowance by Mr. Shankar Rau as Deputy Controller of the Currency, Bombay . . . . .	..
(u) Non-acceptance of the full rate of house rent allowance by the Assistant Currency Officer attached to the office of the Deputy Controller of the Currency, Bombay.	700
Total	<u>1,60,426</u>

(6) *Proposals.*—(i) We recommend that Finance Department's offer be accepted. But we observe that the savings on establishments as calculated by them are on the "average cost" and not the "immediate reduction" basis. We assume that the budgetary position for 1932-33 will improve by approximately the same amount as the saving offered and further by the saving of 1.60 lakhs on the re-issue of currency notes. In this connection we repeat our general recommendation that no house-rent and compensatory allowances should be paid to staff that is recruited for work at a particular station even if it be an expensive one. In the course of its oral evidence Finance Department told us that since these allowances form part of a general scheme sanctioned in 1924 they can be abolished, provided they are abolished for all. For the present, however, we have adopted a general principle the scope of which is limited to staffs recruited for local work or work at only expensive stations. Such allowances should therefore be abrogated. Further, we think house-rent should be charged on the usual lines for all residential accommodation provided by Government in conjunction with the currency offices, whether to officers or to establishments.

(ii) The departmental offer does not contemplate any reduction of the number of currency offices or officers. We agree that the number of currency offices should not be reduced. In our opinion, however, the Calcutta staff, viz., one Controller, one Deputy Controller and one Personal Assistant for headquarters and one Currency officer and two Assistant Currency officers, in all six, is excessive, and we recommend the abolition of one post of Assistant Currency Officer or its equivalent. This will yield a saving of .09 lakh.

(iii) (a) The departmental proposal takes account of the estimated saving of 4.45 lakhs in the cost of new note forms; hence we make no proposal in regard to the provision of 17.80 lakhs in the 1931-32 budget.

In this connection we also invite attention to Chapter V, particularly to para. (5) thereof.

(7) *Summary of savings.*—On our proposals the reduction of this grant will amount to 3.30 lakhs plus the saving from our proposal in sub-paragraph (i) regarding house-rent and other allowances. We are not in a position to give a precise estimate of the latter.

CHAPTER XV.

GRANT NO. 72.—MINT (27·72 lakhs).

(1) *Explanation of the grant.*—The budget provision of 27·72 lakhs includes 7·30 for the Calcutta Mint, 7·99 for the Bombay Mint, 8·60 for loss on coinage, 2·79 for the purchase of local and 1·04 for that of English stores. There is also a provision of £3,000 for sterling overseas pay and leave salaries.

The budget for each mint may be analysed as below :—

	Ordinary establishments.				Operative establishments.		
	Officers.	Mint.	Bullion.	Assay	Permanent.	Extra.	Allowances.
Calcutta . . .	.65	.637	.345	..	.65	2.40	.085
Bombay . . .	.78*	.522	.655	.25	1.005	1.30	1.033
Total . . .	1.43	1.159	1.000	.25	1.655	3.70	1.118

	Supplies and Services.	Rent, etc.	Contingencies.	Local Stores.	Total.
Calcutta . . .	.022	1.976†	.535	1.25	3.55
Bombay . . .	.141	..	2.297	1.54	3.53
Total . . .	.163	1.976	2.832	2.79	13.08

*Includes .45 for Assay Office.

†Includes 1.562 for rent for accommodation supplied by the Public Works Department.

(2) *Organisation.*—Each Mint is in charge of a Mint Master (pay, Rs. 2,000—200—3,000 plus O. P. £13-6-8). There is also a Deputy Mint Master (Rs. 1,000—1,500 plus O. P. £13-6-8), who is utilised as a leave reservist wherever wanted. An Artist-Engraver (Rs. 750—1,000) is also employed at Calcutta; he works for both the Mints. The permanent establishments number 83 at Calcutta and 89 at Bombay.

The Assay Office is maintained at Bombay and is manned by an Assay Master (Rs. 1,400—1,800 plus O. P. £13-6-8) and two Deputies (Rs. 600—1,200). The Assay office establishment consists of 4 clerks and 29 servants.

Compensatory and house-rent allowances are granted to the staff under the usual scheme. In Calcutta rent-free quarters are available for many members of the staff whereas in Bombay house-rent allowances are paid.

(3) *Expenditure, receipts and net revenue—*

(i) <i>Expenditure—</i>	1913-14.	1921-22.	1924-25.	1928-29.	1929-30.	1930-31.	1931-32.
Establishments, etc., at Calcutta	4·20	3·17	3·36	4·87	7·18	6·75	7·30
Establishments, etc., at Bombay	4·15	4·57	7·80	5·44	7·67	8·35	7·99
Loss on Coinage	7·57	6·30	·82	10·42	9·86	30·07	8·60
Purchase of local Stores	2·38	1·91	1·60	2·13	3·87	3·20	2·79
Works . . . . .	..	..	..	2·79	..	..	..
English stores and other charges and loss on exchange	1·59	·79	·34	3·14	1·19	1·11	1·4
Total	19·89	16·74	13·92	28·79	29·77	49·48	28·13
(ii) Revenue from Mints	50·98	14·89	41·77	43·70	26·07	4·81	4·56
(iii) Net revenue	31·09	—1·85	27·85	14·91	—3·70	—44·67	—23·57

As in the case of Currency, the variations of expenditure are to some extent due to changes of policy and methods. Three principal new factors have been in operation since 1924-25. Firstly, the Bombay Mint was closed to coinage and all coinage work was transferred to Calcutta. Secondly, an electrolytic refinery was erected at Bombay to refine silver. Thirdly, to feed that refinery rupees of the mintage 1862-74 were declared uncurrent.

The principal reasons for increased expenditure at Calcutta are the accrual of increments, revision of the pay of establishments, raising of Artist-Engraver's post to gazetted status in 1926-27, growth of work due to concentration of coinage at Calcutta and to larger demand for small coin.

The increase of expenditure at Bombay was caused by the revision of the pay of the mint and the bullion establishments, accrual of increments, increased house-rent and overtime allowances.

The following illustrative table will help to show the important items where increased expenditure can be brought under scrutiny for purposes of permanent retrenchment.

	1913-14.		1921-22.		1924-25.		1929-30.		1931-32.	
	Calcutta.	Bombay.	Calcutta.	Bombay.	Calcutta.	Bombay.	Calcutta.	Bombay.	Calcutta.	Bombay.
Number of Officers . . . . .	..	..	4	3	2	3	2	5	2	4
Number of permanent establishments	92	162	87	111	84	118	83	114	83	113
Pay of Officers	·85	·78	·52	·72	·32	·70	·47	·81	·65	·78
Pay of permanent establishments	·42	·52	·92	1·11	·78	1·27	·94	1·28	·99	1·44
Cost of Operative establishments	2·43	1·98	1·44	2·03	1·62	2·18	2·94	2·26	3·05	2·31
Allowances, Honorary, Rent, etc.	·50	·87	·63	·69	1·12	·65	2·83	3·32	2·63	3·47

(4) *Department's proposals*.—Finance Department has offered to effect permanent savings of 2.42 lakhs as below :—

<i>Calcutta Mint—</i>	Savings.
	Rs.
(a) Discharge of 1 Engineer and 2 Assistant Melters	10,400
(b) Abolition of the post of 1 Engineer on the retirement of the Head Engineer	5,000
(c) Abolition of the posts of 1 Engineer, 1 Melter, 3 Assistant Bullion Keepers, 1 peon, 1 Barkandas which are lying vacant and for which no budget provision exists	Nil
(d) Extra establishment and extra hours' pay	1,00,000
(e) Purchase of stores	75,000
 <i>Bombay Mint—</i>	
(f) Abolition of the post of Assay Master	21,600 plus 5,600 for house allowance.
(g) Abolition of 2 posts of Engineers, one of which, we observe, was created with effect from 1931-32	10,000 plus 2,000 for house rent.
(h) Abolition of the post of Artist Engraver and 14 Policemen lying vacant for a long time and for which no budget provision exists	Nil
(i) Temporary establishment	11,800
(j) Abolition of the posts of a clerk and a peon on the amalgamation of the Assay Office with the Bombay Mint	1,080
Total	2,42,800

But we observe that these savings have been calculated on the "average cost" and not "immediate reduction" basis.

(5) *Our proposals*.—(i) We recommend the acceptance of Finance Department's offer. We do not consider that the closing down of either Mint will yield financial advantages (*viz.*, a saving of only about .68 lakh) commensurate with the risk involved.

(ii) In addition to these savings we hold that since the Mint staff is recruited for local work at Calcutta or Bombay, no local compensatory or house-rent allowances should be paid. We have applied this principle to other departments also. Further, rent on the usual lines should be charged for residential accommodation provided at Government expense whether to officers or to establishments. We understand that the provision of free Government accommodation is the rule at Calcutta. In this respect conditions at Bombay and Calcutta should be a simulated, a charge for housing being reckoned as approximately the equivalent of the abrogation of house-rent allowances, at any rate in the case of officers.

(iii) At Calcutta there is a post of Artist—Engraver on Rs. 750—50—1,000; the incumbent of it was brought out from London and has reached the maximum of the scale. He works for both the Mints. There are some posts of engravers at the Nasik Security Printing Press also and we are not at all sure that the services of the Nasik staff cannot be utilised for mint work. We have been told by the Finance Department that this post is maintained for other miscellaneous work, *e.g.*, designing and engraving army and other medals, *et.c.* Further, we might add that the post used to be of non-gazetted status upto 1925-26.

We were told in the course of the oral evidence that the Mint Master at Calcutta had tried to train up an Indian for this post but had failed. We may agree with the view that the artist-engraver's work is specialised and requires actual practice in die-engraving, but we cannot possibly endorse the implication of the Mint Master's conclusion that he had failed in his attempt to train up an Indian. Engraving and artistic work in general is one of those lines of work in which, in our opinion, it will be hard to beat Indians. The Bengal School of Art at Calcutta has now acquired an international reputation, and there are many other art schools all over India. It is within the personal experience of many of us that quite a lot of high class engraving work is done by private firms all over India. Our proposal therefore is that a promising Indian be recruited to serve as an under-study and the Artist-Engraver's gazetted post be abolished as early as practicable. This should yield a saving of Rs. 12,000 *minus* the pay fixed *de novo* for the non-gazetted post on a substantially lower scale of pay which will take its place. For the present we leave this saving out of our calculation.

(iv) We see no appreciable evidence of any genuine effort to Indianise the higher ranks. The adoption of such a policy will tend to reduce expenditure, and we urge that steps be taken to bring it about.

(6) *Summary of Savings*.—2·50 lakhs. In addition, it should be possible to effect a further reduction of, say, '09 (on the Artist—Engraver's post) in the near future.

CHAPTER XVI.

GRANT NO. 76.—MISCELLANEOUS (35·11 lakhs).

We shall deal, *seriatim*, with the various sub-heads of this grant.

A.—Allowances, Rewards, etc.

(1) *Explanation of grant.*—Of the provision of Rs. 31,800 under this grant Rs. 19,700 is for miscellaneous *Durbar* charges (including Rs. 600 for the cost of Aggamahapandita seals). The rest is for other charges, mainly the annual stipends to holders of literary titles (*e.g.*, Mahamahopadhyaya, Shams-ul-ulema and Aggamahapandita) and is distributed as follows:—

Madras (Rs. 1,000), Bombay (Rs. 500), Bengal (Rs. 2,700), United Provinces (Rs. 1,800), Punjab (Rs. 400), Burma (Rs. 4,100), Bihar and Orissa (Rs. 1,000), Central Provinces (Rs. 500), and Assam (Rs. 100).

The actual expenditure on "other charges" in 1928-29 and 1929-30 was Rs. 13,295 and Rs. 9,973 respectively.

(2) *Proposals.*—(a) As regards the miscellaneous *Durbar* charges, we observe that the Foreign and Political Department, at first proposed a reduction of Rs. 1,500, but it has since intimated that an extra grant is likely to be needed. We would reduce the provision for 1932-33 to the level of the actuals of 1929-30, *i.e.*, to Rs. 13,000 and trust that expenditure will be kept down as far as practicable. The reduction of expenditure for the 1932-33 budget will be Rs. 6,700.

(b) The rates of stipends to holders of literary titles are so low that no reduction is possible.

B.—Books and periodicals.

(3) *Explanation of the grant.*—This grant consists of two items:—

(i) Rs. 74,200 for subscriptions to news agencies (Reuters, Limited, and Indian News Agency) for the supply of telegrams, and

(ii) Rs. 6,400 for the supply of books and periodicals to the India Office and the High Commissioner by the Local Governments as agents for the central Government. The provisions are Rs. 1,400 for Madras, Rs. 1,800 for Bombay, Rs. 1,300 for Bengal, Rs. 1,000 for the United Provinces, Rs. 800 for the Punjab and Rs. 100 for Burma.

The provisions for subscriptions to Reuters, Limited, and the Indian News Agency are Rs. 55,200 and Rs. 19,000 respectively. The telegrams are supplied to selected officials with the object of enabling them to get news earlier than is possible to get from the newspapers, especially at Simla where there is no local newspaper with an efficient news service.

In the case of Reuters, Limited, Government make a fixed payment for their news service. The news so supplied is distributed to Government officials.*

* List is given in Appendices 8 to 11 of the Posts and Telegraphs Manual, Volume XI, Part III.

No annual grant is made to the Indian News Agency, but their telegrams are paid for on ordinary commercial terms, *viz.*, Rs. 30 per mensem per copy. There is no obligation to take any particular number. The number taken in 1911 was 47 but it included copies for officers belonging to departments which have since been classified as "commercial", *i.e.*, Railways, Posts and Telegraphs and Army Headquarters. Since 1929 these departments pay separately for such telegrams. The number of copies taken by the non-commercial departments was 38 in 1929 and 48 in 1930.

(4) *Proposals.*—(i) The case of Messrs Reuters, Ltd., presents some difficulty, since the payment made at present (Rs. 55,200) is a lump payment. We have been informed that Government hope to be able to make a reduction. The payment amounts, in effect, to a partial subsidy and we consider that it should be possible to bring down the amount to Rs. 44,200, saving Rs. 10,000.

(ii) As regards the service of the Indian News Agency it is proposed to take a smaller number of copies in future, and thus to reduce the cost from Rs. 19,000 to Rs. 13,000. Government hold that no change can be made as regards the Chief Commissioners of Ajmer-Merwara and Andaman-Nicobar Islands and certain officers of the Foreign and Political Department. As regards officials at headquarters, orders have recently been issued cutting down the list, the principle followed being to confine the list to those to whom the telegrams give important help in the discharge of their official duties.

We have scrutinised the list, and hold that it is possible to reduce the number still further. We do not see why it should not be possible to make one copy serve the various secretariat officers in the same office at headquarters. But, for the present we are content to recommend the acceptance of the saving of Rs. 6,000 as offered by the department.

(iii) As regards the supply of books and periodicals to the India Office and the High Commissioner we have no proposal to make.

(iv) The reduction of expenditure on this head will thus be 16 lakh.

C.—Charitable donations and European vagrancy.

(5) *Explanation of grant.*—The provision for donations for charitable purposes is Rs. 12,800 and for charges on account of European vagrancy Rs. 2,500 including Rs. 1,500 in Madras for subsistence allowances to seamen in distress. The former provision is largely for the repatriation of destitute Indians, mostly pilgrims who get stranded for various reasons, from abroad.

(6) *Proposals.*—We observe that the repatriation rules provide for the repatriate's return to India by the shortest and the cheapest route and for his undertaking to repay the cost of his repatriation and measures to enforce the undertaking. Since every country is responsible for the repatriation of its own destitute nationals, there is not much scope for the reduction of this provision, even though we observe that Commerce Department has offered a small reduction.

We cannot ascertain the actual expenditure on account of European vagrancy. All that we can propose is that Government should issue suitable instructions to ensure that no expenditure is unnecessarily incurred on account of the vagrancy or repatriation of the nationals of foreign states, and that if any expenditure has to be incurred, attempts should be made to recover it, wherever practicable.

D.—Special commissions of enquiry.

(a) Tariff Board.

(7) *Functions*.—The Tariff Board was set up in accordance with the recommendations of the Fiscal Commission. It is employed on scientific enquiries committed to it from time to time, mainly in pursuance of the accepted policy of discriminating protection of Indian industries. Some of these are prescribed by statute, e.g., the Steel enquiry due to come off in 1933-34; the majority are *ad hoc* enquiries.

(8) *Organization*.—The Board consists of a Chairman (pay, Rs. 4,000) and two Members (Rs. 3,000 per mensem each). There is also a Secretary drawing pay on the senior I. C. S. scale and a special pay of Rs. 200. Provision is also made for an expert adviser (on Rs. 3,000 per mensem) for six months.

(9) *Growth of cost*.—The following table shows the growth of expenditure since the Board was set up in 1923-24 :—

	1923- 24	1924- 25	1925- 26	1926- 27	1927- 28	1928- 29	1929- 30	1930- 31	1931- 32
	(part).								
Pay of officers and passage contributions					1.18	1.20	1.49	1.18	1.57
Pay of establishments	1.52	1.93	1.60	2.79	.19	.19	.21	.21	.22
Travelling allowances				.49	.28	.30	.31	.29	.29
Other expenses				.51	.22	.25	.23	.24	.24
Total	1.52	1.93	1.60	3.79*	1.87	1.94	2.24	1.92	2.32

(10) *Departmental proposals*.—The Commerce Department at first offered a saving of Rs. 8,000 under "Pay of Officers". But, it was in the nature of a windfall and not of a permanent character. The question of reducing the Board's expenditure on travelling expenses was under the Commerce Department's consideration in consultation with the Finance Department, but the department considered it unlikely that any appreciable reduction could be made under that head. It offered a temporary lump reduction of Rs. 2,000 out of the provision for "all other expenses".

Subsequently, however, Commerce Department, in the course of the oral evidence given by its representative, gave us to understand that by the end of February 1932 the enquiries so far entrusted or to be entrusted to the Tariff Board will have been disposed of and that apart from the cotton textile enquiry, which is due for 1932-33 and the statutory steel enquiry which is due for 1933-34 the department does not expect to be in a position to charge the Tariff Board with any enquiry in the near future. We were also told that the cotton textile enquiry may not even take place.

(11) *Proposals*.—(i) We greatly appreciate the valuable services rendered by the Tariff Board to the industrial interests of India. In view of the gravity of the financial situation, however, we have taken into consideration a suggestion that the Tariff Board might be suspended for about a year. Our view is that any such recommendation by us is likely to give rise to considerable misgiving, especially if an enquiry into the cotton textile industry does not take

* Includes Cotton Textile enquiry.

place during 1932-33. It is true that in consequence of financial stringency the import duty on cotton textiles has been increased on two occasions, once at the budget session of the Legislature last March and again by the supplementary finance bill recently "certified". But these duties are in the nature of revenue duties and are liable to be reduced whenever Government should consider that their financial position warrants their doing so. The difference between the purpose of a protective and a revenue duty must not be overlooked. The enquiry into the amount of protection required for the textile industry during subsequent years has to be made in 1932-33. If the revenue duties are higher than the protective duties accepted by Government as a result of the enquiry made by the Tariff Board, the former can be reduced to the protective level if the financial position of the Government of India admits of it. The protective duty, however, must continue for such period as may be determined by the 1932-33 enquiry. We are not therefore in a position to hold that the cotton textile enquiry need not be held during 1932-33. Further, it cannot be said with any certainty that there will be no application for protection during the next year. The present revenue duties are temporary and there may be industries in need of protection for which enquiries may have to be made. As regards the statement by the representative of the Commerce Department that the department does not expect to be in a position to charge the Tariff Board with any enquiry in the near future, it is more or less of the nature of a conjecture and cannot, in any case, relieve the department of their statutory obligation, if any. We do not therefore recommend the suspension of the Board for a year. (Mr. Ramsay-Scott is of the opinion that in the interests of economy only the board can suspend action for one, but not more than one, year.)

We think, however, the expenditure can be substantially reduced by the following measures which, we recommend, should be adopted.

(ii) We propose that for the present the Board should consist of two members and Government should be at liberty to add a third member, if and when necessary. We further think, the salaries are fixed on too liberal a scale and the question of reducing them should be investigated, independently of the general enquiry regarding pay, etc., which we shall undertake at a later stage.

(iii) We also hold that for this period at least there is no need for a highly paid Secretary. Office and routine work should be left to the Superintendent or an officer of similar status and the members should, between them, be able to take over the more responsible part of the Secretary's work.

(12) *Summary of savings.*—On our proposals the reduction of expenditure in 1932-33 will be about a lakh as below:—

Rs. 36,000 on one Member's pay, almost the whole provision for the expert adviser, Rs. 20,000 on Secretary's pay and his special pay and the passage contributions, about Rs. 2,000 on the reduction of establishments, about Rs. 14,500 on travelling allowances and about 12,000 on other expenditure.

D.—*Other special commissions of enquiry.*

(13) *Explanation of grant for other special commissions and committees.*—Excluding the provision of 2.32 lakhs for the Tariff Board the 1931-32 grant provides Rs. 23,500 for the Royal Commission on Labour and Rs. 84,400 for Committees of enquiry (viz., Rs. 10,100 for the Drugs Committee, Rs. 1,000 for the Coal Dust Committee, Rs. 69,700 for the Central Banking Enquiry Committee, Rs. 1,600 for the Facts Finding Committee and Rs. 2,000 for the Inland Steam Vessels Rates Advisory Committee).

We observe that since 1921, one hundred and twenty Commissions and Committees of enquiry have been appointed and their cost has in each year since 1921 been 10·59, 3·27, 23·77, 9·77, 9·15, 19·07, 20·08, 11·51, 29·48, 2·67 and 3·71 lakhs. A list has been given in Appendix III, Chapter I.

So far as can be ascertained at present, the following Committees are likely to be appointed during the next two years, viz., (i) an expert committee to examine proposals for a comprehensive amendment of the law of arbitration, (ii) a franchise committee, (iii) such courts of enquiry or boards of conciliation as may be required under the Trades Disputes Act, 1929.

(14) *Proposals*.—We are not in a position to make specific recommendations regarding the appointment and cost of special commissions and committees of enquiry in the near future. We trust, Government will carefully scrutinise the need for them and, wherever practicable, put them off till the return of better financial conditions. We further urge that the policy underlying the present practice of examining in detail the findings and proposals of special committees and commissions should be overhauled. Here we propose to confine ourselves to only one issue.

We have examined the instructions issued on 8th September 1931 for regulating and controlling expenditure on committees of enquiry, and approve them subject to the following comments :—

(i) The maximum rates of remuneration, etc., for non-official members are a subsistence allowance of Rs. 1,200 per mensem and a touring allowance Rs. 300 per mensem. We hold that the former is unduly high and should be reduced to Rs. 30 *per diem*. Under the present rules Government have reserved to themselves "the discretion to fix rates for any particular committee at a level suitable to its composition and conditions of work". In our opinion Government should not have any discretion to vary the rates; such discretion is liable, on the one hand, to abuse and, on the other hand, to cause some embitterment of feeling. Service on any public committee of enquiry is and will continue to be prized for the opportunity it offers to do public work and the rate of remuneration obtainable should in most cases be an irrelevant consideration to those whom it may be desired to appoint as members.

The rate of the touring allowance also should be fixed on a *daily* basis, viz., Rs. 10 *per diem*.

(ii) The remuneration of official members of committees is regulated by the following rule :—

"No increase in pay will ordinarily be sanctioned to an official of the Government of India serving as Chairman or Member—Secretary, but may exceptionally be sanctioned on proof that his duties are more arduous or responsible than they would have been in the post on which his pay is based."

The exception contemplated in this rule is likely, in practice, to defeat the purpose of the rule and should be deleted.

(iii) The right of a chairman to requisition a reserved first class compartment for journeys of over six hours' duration or for journeys any part of which falls between 11 P.M. and 6 A.M. should be reduced to the right to requisition a coupé compartment of two berths and if a coupé be not available, two first class berths.

E.—Compensations.

(15) *Explanation of grant.*—The aggregate 1931-32 grant of 25·52 lakhs for compensations consists of the following items :—

- (i) 25 lakhs quit rent for Berar paid to H. E. H. the Nizam, (ii) ·16 lakh compensations to Janjira and other States in Bombay and other compensations, (iii) ·25 lakh compensations to H. H. the Maharaja Scindia and to Raja Mahendra Man Singh, and (iv) ·11 lakh compensations paid in Assam.

(16) *Proposals.*—The compensation to H. E. H. the Nizam is a payment fixed by a treaty. It is called quit rent and its previous history shows that it represents a surplus of receipts over expenditure. While we agree that there can be no question of a reduction of the amount, we have not been able to appreciate why at the time of the financial settlement with the provinces this expenditure was not passed on to the local Government of the Central Provinces, who administer Berar and get the receipts. The argument that if it had been so passed on, the provincial contribution of the Central Provinces to the Central Government would have been reduced *pro tanto* does not convince us. We observe that even though provincial contributions have now ceased, the Central Government's liability still persists. This would not have been the case if the liability had been fixed, *ab initio*, on the local Government. We propose that the position should be re-examined in connection with the impending constitutional changes.

We have no proposal to make regarding the other items in this grant.

F.—Rents, rates and taxes on Central Buildings.

(17) *Explanation.*—This grant of 2·14 lakhs is a mere figure of account, a corresponding credit appearing in the head "Civil Works".

(18) *Proposals.*—The Public Works, Accounts and Audit Sub-Committee has already examined this item. We would here only observe that the consumption of electrical energy in central buildings requires some tightening up. To give an illustration, the lighting of the verandah of the Council House at New Delhi is undertaken on a scale that appears to us to be wasteful. We are unable to give a precise estimate of savings.

G.—Grants-in-aid.

(19) *Explanation.*—(i) This grant consists of two items, (a) Rs. 3,000 (non-voted) for subsidies to guaranteed telegraph lines on the North-Eastern Frontier, and (b) Rs. 52,700 (voted) for two grants-in-aid, *viz.*, Rs. 50,000 to the Trustees of the Victoria Memorial for the maintenance of the Memorial and Rs. 2,700 to the Empir Parliamentary Association.

(ii) The Victoria Memorial at Calcutta is maintained out of contributions by the Central Government (Rs. 50,000) and by the Government of Bengal (Rs. 35,000) and small local sources of income. It is essentially an all-India institution and is managed by a body of Trustees constituted by Act X of 1903 to whom powers have been entrusted by rules. The Central Government's contribution used to be Rs. 31,800 per annum but was raised to Rs. 50,000 in 1924-25.

(iii) The annual contribution of Rs. 2,700 to the Empire Parliamentary Association is intended to meet the cost of (a) incorporating and printing important extracts from the proceedings of the Indian Legislature in the quarterly "Journal of the Parliaments of the Empire", and (b) the free supply of copies of the Journal to those members of the Indian Legislature who are members of the British Indian branch of the Association. The average number of such copies as also copies of the bi-monthly "Review of Foreign Affairs," which are also supplied free of cost to such members, has during the last four years been 165.

(20) *Proposals*.—(i) We have no proposal to make regarding the provision of Rs. 3,000 for a subsidy to the Posts and Telegraphs Department in respect of the guaranteed line on the North-Eastern Frontier.

(ii) As regards the grant-in-aid to the Trustees of the Victoria Memorial, the annual contribution has been reduced to Rs. 45,000. We consider that the reduction is not sufficient. During the year ending 31st December 1930 the income (Rs. 93,105) exceeded the expenditure (Rs. 82,820) by over ten thousand rupees, and the surplus was transferred to a capital fund intended to provide for repairs and for unforeseen contingencies. The deposit account of Rs. 60,000 and the current account of Rs. 42,393 show the fairly prosperous financial condition of the Memorial. We have taken the line that activities which can be financed out of accumulated capital should, in the present financial stress, be expected to manage with materially reduced grants. We have on this principle reduced the research grant to the Imperial Council of Agricultural Research from 5 to 2½ lakhs, and the grant to the Indian Research Fund Association from 7½ to 2½ lakhs. Those of us who know something about the management of the Memorial and the establishments maintained for supervising and guarding its grounds, buildings and exhibits, hold that considerable economy in its management is possible. We therefore propose that the grant should be reduced to the level of 1924-25. This will yield a saving of Rs. 18,200.

(iii) As regards the contribution to the Empire Parliamentary Association we think that it should be left untouched. Had it been a large amount, we would perhaps have considered whether the contribution should be reduced to an amount sufficient to meet the cost of incorporating and printing extracts from the proceedings of the Indian Legislature.

H.—Local Clearing Office.

(21) *Organisation and cost*.—This office was set up after the signing of the Treaty of Versailles. Its main function is to act as a clearing office for the settlement of "enemy" claims against India and Indian claims against the "enemies"—mainly Germany and Austria. It is also in charge of "reparation" work, which is now practically confined to claims by Indian seamen (lascars). It was at first under a whole time Controller, but on the departure of Mr. Kisch the duty was made over, for the sake of economy, to the Second Solicitor in addition to his ordinary duties. An allowance of Rs. 250 is paid to him for this work. The establishment is special and consists of two assistants, two clerks, a *daftary* and a peon, and is estimated to cost Rs. 10,500. There are two pensioners on the establishment list; their salaries are Rs. 270 and Rs. 225. Including the provisions of Rs. 3,000 for allowances and of Rs. 2,300 for contingencies the total provision for 1931-32 is Rs. 18,800.

(22) *Proposals*.—The current sanction for this office expires on 31st March 1932. The Legislative Department anticipates that reparation work will have been finished by 31st March 1933 but "clearing" work will go on

for some time requiring two or three of the present ministerial establishment of four. It thinks that after the close of 1932-33 the expenditure should not exceed Rs. 10,000.

(i) Our main proposal is that since the work of this office has gone down very substantially, it should now be merged in the Legislative Department. Though the work is claimed to be of a specialised nature we can see no reason whatever why it should be considered heterogenous to the regular functions of the Legislative Department so as to require or justify the continuance of the Local Clearing office as a separate entity. In any case we urge that effect be given to the following proposals.

(ii) The Legislative Department stated in its reply dated 6th May 1931 to the Finance Department that no reduction of the allowance of Rs. 250 to the Second Solicitor was possible in the current year. In the reply to our questionnaire, however, it states that so long as the Second Solicitor continues to be employed also as Controller, he must necessarily receive additional remuneration, since these duties are extraneous to the solicitor's duties imposed upon him under his contract of service. We do not accept this view. In our opinion the Controller's duties are now so light that no special remuneration is needed. We do not agree that the duties are "wholly extraneous", nor that a whole-time Government servant must necessarily be given remuneration for any extra work he may be called upon to do. We propose that this allowance be immediately abrogated, and the Controller's duty made over to an officer of the Legislative Department as one of his ordinary duties.

(iii) The special ministerial establishment should be reduced to one with effect from 1st March 1932. We have provided for this in our proposals relating to the Legislative Department. The regular departmental staff should be trained up so as to obviate, in due course, the employment of pensioners which *prima facie* we consider to be open to objection.

(iv) The Department has offered savings of Rs. 1,820 under allowances and Rs. 300 under contingencies; the former includes Rs. 1,800 on account of travelling allowance for the Second Solicitor. With effect from 1932-33 the provision should be reduced to Rs. 800.

(23) *Summary*.—The saving will be nearly the whole provision *minus*, say, Rs. 3,000 for the clerk who will be added to the ministerial establishment of the Legislative Department and about Rs. 800 for the addition to the budget of that Department for allowances and contingencies. Since we have already provided for the additional clerk, the saving will be .18 lakh.

I.—Indian Soldiers' Board.

(24) *Organisation*.—This Board was constituted in 1919 to deal with the (i) formation of district records of war services as a basis for future action, (ii) consideration of questions connected with land rewards or grants or preferential treatment for Government service, (iii) after-care of the soldier, (iv) educational concessions for soldiers' children, (v) safeguarding of soldiers' interests in general, and (vi) consideration of the whole subject of demobilization in its civil aspect. It is composed of three members of the Executive Council, of whom one is President, H. E. the Governor of the Punjab, the Army Secretary, the Adjutant-General in India and the Military Financial Adviser. The Auditor-General was appointed as an additional member in 1929-30. One of the Assistant Secretaries in the Army Department acts as Secretary to the Board in addition to his other duties, and gets a special pay of Rs. 200 per mensem.

(25) *Functions*.—The Board's duties "centre round the home welfare of the Indian soldier, past and present, and his dependants". The Central Board co-ordinates the activities of kindred organisations in the various areas from which the bulk of the Indian Army is recruited. Under the control of the provincial board there exists a net-work of subordinate organisations throughout India. The main functions of the District Soldiers' Board and the corresponding organisations are—to maintain lists of serving and deceased soldiers from the area concerned, to circulate information regarding educational concessions for soldiers' children, to communicate information regarding employment, facilities for training for civil vocations, etc., to ascertain and to communicate the whereabouts of absent soldiers to their families, to render legal assistance, to assist absent soldiers' families in the event of disease or famine, to investigate applications for relief from the various military charitable funds and to assist ex-soldiers and their dependants in securing medals, pensions, arrears of pay, etc.

(26) *Funds*.—The Board has its own fund of the face value of 11.09 lakhs invested in 3½ and 6 per cent. notes and bonds from which the interest income was 4 lakh in the year 1929-30. In that year the Board was able to carry over a surplus of 19 lakh to its current account. The main items of expenditure are contributions to Local Governments and Administrations in connection with welfare schemes: minor contributions are made to other institutions or funds for soldiers' welfare. Besides this fund, the Board administers or is connected with the following funds:—

(i) India and Burma Military and Marine Relief Fund:—

Capital Rs. 9,99,000 (Face value on 31st March 1930).

(ii) Indian Army Benevolent Fund:—

Capital Rs. 9,58,000 (Face value on 31st March 1930).

The Government of India make an annual compassionate grant of Rs. 6,500.

(iii) Sir Victor Sassoon Fund.

(iv) King Emperor's Patriotic Fund. The balance on 31st March 1930 was Rs. 38,255.

The Board also investigates claims received from, or on behalf of, widows of the Viceroy's Commissioned Indian Officers for relief from the Silver Wedding Fund and acts as a distributing agency on behalf of the administrators of this fund.

(27) *Budget*.—So far as central revenues are concerned, the total cost of the Board is Rs. 15,100 (*viz.*, Rs. 2,400 for pay of officers, Rs. 9,300 for pay of establishments, Rs. 3,000 for allowances, and Rs. 400 for other expenses).

(28) *Proposals*.—(i) We have not been able to see the justification for the special pay of Rs. 200 to the Assistant Secretary in the Army Department for acting as Secretary to the Board. By abolishing the special pay and effecting economies on establishment, allowances and other expenses, we think it should be possible to reduce the estimate for 1932-33 from Rs. 15,100 to about Rs. 10,000. The saving will be Rs. 5,100.

(ii) In our opinion this expenditure should be borne by the Army and not by the Civil Estimates. We were told by the Secretary, Army Department, that the reason why it is included in the Civil Estimates is that the Board is affiliated to the Army Department whose expenditure is borne on the Civil Estimates. Although the transfer from the Civil to the Army Estimates does not automatically afford financial relief to Government, we think that in the long run it will help to keep the cost down to a reasonable figure. Besides, our proposal will help to give a truer picture of the real aggregate cost of the Army.

(29) *Summary of savings*.—Rs. 15,100 in the Civil Estimates but only Rs. 5,100 in the total estimates.

J.—Miscellaneous and unforeseen charges.

(30) *Explanation of grant*.—The 1931-32 grant under this head is Rs. 96,300 and is made up as below :—

- (i) Of the Rs. 25,000 for the Indian Delegation to the League of Nations Rs. 1,000 is for the pay of establishments and the rest is for the pay and travelling expenses of the members. Actual cost in 1929-30 was Rs. 8,403.
- (ii) The provision of Rs. 49,000 for the International Labour Conference consists of Rs. 3,000 for officers' pay, Rs. 43,000 for travelling expenses, and Rs. 3,000 for other expenses. Actual cost in 1929-30 was Rs. 57,386.
- (iii) The Conference on Deck Passenger and Pilgrim Traffic was estimated to cost Rs. 10,000, *viz.*, Rs. 300 pay of establishment, Rs. 1,500 for travelling expenses, and Rs. 8,200 for other expenses.
- (iv) There is a provision of Rs. 9,500 for the grant of an honorarium for two months and subsistence allowance for four weeks and for travelling and other expenses in connection with the deputation of the Right Hon'ble Mr. Srinivas Sastri to England to give evidence before the Joint Select Committee on East Africa.
- (v) Rs. 2,800 has been provided for "other items" (Rs. 2,400 being for Bombay). In previous years this part of the grant included such items as payment of claims in respect of war bonds lost by fraud, payment of claims by lascars and their dependants to compensation for loss and damage caused by enemy action during the war, the cost of a visit of some members of the Legislature to the North-West Frontier Province, grant to the Indian Olympic Association, adjustment of passage contributions and leave salaries, residual charges of committees of enquiry, expenditure in connection with the visit of the Far Eastern Opium Commission of the League of Nations, adjustment of accounts, etc.

(31) *Proposals*.—(i) As regards the Indian delegations to the League of Nations and to the International Labour Conference, we may first invite attention to our remarks regarding India's contribution to the expenses of the League of Nations [*vide* paragraph 6 (ii) of Chapter XIX]. Subject to those remarks we think, India should not go unrepresented at Geneva. We have already drawn* attention to the need for a rigorous curtailment of expenditure on the obligations arising from international conventions signed by India. We have also recommended that the Government of India should set their face resolutely against any further onerous commitments, at least for some time.

* Paragraph 12 of Chapter I of our Interim Report (Part I), page 6.

Apart from this we think, the expenditure on the items under consideration can within limits be curtailed. We observe that the actual expenditure on each delegation has been as below :—

	1924- 25.	1925- 26.	1926- 27.	1927- 28.	1928- 29.	1929- 30.
League of Nations . . . .	..	..	12,114	42,934	8,686	8,403
International Labour Conference	19,775	10,079	15,940	9,863	15,244	57,386
Total	19,775	10,079	28,054	52,817	23,930	65,789

We realise that actual expenditure depends on certain factors which remain uncertain till the composition of the delegations is known. But, experience shows that there has perhaps been overbudgetting in the past.

So far as the official part of a delegation is concerned, we understand that it has been the policy to send as few men from India as possible. They have only to voice Government's view and as sufficient Indians are available in England, as we believe they are, we see no point in sending out men all the way from India. We think, the present policy is right and should be pursued strictly.

In the light of past experience we propose that the future provision for the League of Nations delegation should be reduced to Rs. 10,000, but that for the delegations to the International Labour Conference should be left as it is. This will yield a saving of Rs. 15,000.

(ii) The Deck Passengers and Pilgrim Traffic Conference is a new item of expenditure. We presume it is non-recurrent. If so, the provision for it need not be repeated in the 1932-33 budget. Saving Rs. 10,000.

(iii) The provision of Rs. 9,500 for Mr. Sastri's deputation will not have to be repeated. Hence, the whole of it will be a saving.

(iv) We observe that the actuals for "other items" for 1928-29 and 1929-30 were Rs. 37,880 and Rs. 11,79,017. The current year's provision is Rs. 2,800. We are naturally unable to make any recommendation.

(32) *Summary of savings.*—Apart from the fluctuations on account of "other items" the budget for head J of Grant 76 should be reduced by Rs. 15,000 + Rs. 10,000 + Rs. 9,500 = Rs. 44,500.

K.—Miscellaneous—Other charges.

(33) *Explanation.*—The provision is .91 lakh and includes loss by exchange on local transactions. The items which make up the grant and the amounts for each are :—

- (i) Miscellaneous payments arising out of the War (Rs. 1,000), (ii) Irrecoverable temporary loans written off (Rs. 26,800), (iii) Annual stipends to the holders of literary titles (Rs. 400), (iv) Loss by exchange on local transactions (Rs. 34,500), (v) Guarantee for the opening of telegraph offices (Rs. 3,000), (vi) Durbar charges—miscellaneous (Rs. 200), (vii) Treatment of Assam patients at the Pasteur Institute (Rs. 100), and (viii) Institute for Disabled Soldiers, Lahore (Rs. 25,000). We shall deal with (viii) separately.

(34) *Proposals*.—(i) The need for retaining the existing provisions for items (i), (ii), (vi) and (vii) may be scrutinised afresh. Under (i) Commerce Department has proposed a ten per cent. reduction.

(ii) As regards item (ii), the Legislative Department thinks that in future Rs. 15,000 will probably cover all annual liabilities. The provision under the control of that Department should therefore be reduced from Rs. 25,000 to Rs. 15,000. Saving Rs. 10,000.

(35) *Summary of savings*.—The reduction of expenditure should be about Rs. 12,000.

K.—Miscellaneous—Institute for Disabled Soldiers.

(36) *Function*.—This Institute was started at Lahore in 1919 for one year in the first instance with the object of training up disabled soldiers in motor driving and maintenance and in the management of oil-engines and thus enabling them to supplement their military pensions. Since then sanction for its continuance from year to year used to be granted on the Punjab Government's recommendation that the Institute was serving a useful purpose and that the men were successful in getting employment after training.

(37) *Cost*.—The grant for 1931-32 is Rs. 25,000, viz., special pay to Headmaster (Rs. 600), establishments (Rs. 8,300), allowances (Rs. 300 plus 100), rations (Rs. 3,500), motor contingencies (Rs. 7,700), rent of boarding house (Rs. 3,000), and miscellaneous contingencies (Rs. 1,500). The actual cost in each of the five years 1925-26 to 1929-30 was about Rs. 25,000 except in 1926-27 when it was Rs. 21,738.

(38) *Proposal*.—Originally, the Department of Industries and Labour offered a reduction of Rs. 3,480 in the pay of establishments. It has, however, now been decided to close the Institute down altogether. We endorse this decision. The Institute can no longer be serving the needs of disabled soldiers (i.e., war casualties), but rather those of men normally discharged. Secondly, although on a strict interpretation the army could argue that the cost of training army pensioners should be borne by civil and not by army estimates, we consider that as in the case of many other benevolent activities in the interests of ex-soldiers and their families and dependants, the cost should have actually come from the army estimates. Again, even if it could be argued that this Institute is a central subject under the Devolution Rules, we hold that the Punjab Government should have been asked to bear a share of the cost of maintaining this Institute, since the benefit of the technical and industrial training imparted by it goes mostly to Punjab civilians. We understand that both the army authorities and the Punjab Government are disinclined to share the cost. We conclude from this that the purpose served is not such as to justify its maintenance from central civil estimates.

(39) *Summary of savings*.—On the entire grant the savings from our proposals will be 2.45 lakhs. There will be some other savings also, but since they could not be precisely estimated, we have not taken them into our calculation.

CHAPTER XVII.

GRANT NO. 80.—DELHI (47·06 LAKHS, OR INCLUDING EXPENDITURE PROVIDED FOR IN OTHER GRANTS 104·81 lakhs).

(1) *General.*—The imperial enclave of Delhi is directly administered by the Government of India and its expenditure is borne by the central revenues. It was carved out of the Punjab and the U. P. Following upon the announcement made by H. M. the King Emperor to remove the capital of India from Calcutta to Delhi it was constituted a separate minor administration. Its area is 573 square miles and population 6·36 lakhs. The old city of Delhi with an urban population of about 4½ lakhs naturally dominates the so-called "Province of Delhi".

The administration is in charge of a Chief Commissioner and tends to reproduce all the usual features of a provincial government. The departments maintained, their establishments and cost and the growth of expenditure on each will be dealt with along with our proposals relating to each. Here we shall only observe that the local administration of certain areas is entrusted to (i) the Municipal Committee of Delhi with an official chairman, (ii) the Municipal Committee of New Delhi which consists entirely of nominated members, half of whom are officials, (iii) the Notified Area Committee with jurisdiction over the civil lines portion of Old Delhi, and (iv) the District Board with jurisdiction over the rural portions of the enclave.

(2) *Explanation of grant.*—The administration is estimated to cost 104·81 lakhs in 1931-32, but the specific grant for Delhi is only 47·06 lakhs. The difference, viz., 57·75 lakhs represents the expenditure provided for in other grants, mainly Civil Works (36·62) and interest on ordinary debt (14·34). It should be noted that the estimated cost includes items like "interest for ordinary debt", currency, ordinary and territorial and political pensions which have little organic connection with Delhi administration as such. The important head of "Civil Works" is an unusual feature which has no equivalent in the other minor administrations.

(3) *Growth of expenditure.*—The two tables below show the expenditure on various "provincial" and "central" heads, and the growth or fall in the expenditure on each head in certain years:—

TABLE A.

	1918-14.	1920-21.	1922-23.	1924-25.	1926-26.	1928-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
GENERAL ADMINISTRATION—											
(i) Chief Commissioner's Office				·86	·92	1·01	1·00	1·08	1·01	1·08	1·07
(ii) District Administration	1·86	2·06	2·06	2·32	2·11	1·92	2·15	2·06	2·72	3·07	3·23
(iii) Other charges				·10	·12	·16	·11	·05	·07	·05	·06
Land Revenue	·47	·61	·38	·41	·45	·53	·57	·58	·64	·64	·66
Excise	·08	·12	·16	·12	3·62	3·41	3·63	3·68	3·64	3·69	3·67
Stamps	·07	·13	·11	·07	·08	·08	·08	·22	·10	·08	·10
Forests	..	..	..	..	..	..	·07	·09	·10	·11	·07
Registration	..	·08	·08	·08	·08	·06	·04	·04	·04	·04	·06
Irrigation	·01	·01	·	·51	·31	·06	·06	·02	·02	·03	·06
Justice	1·14	1·21	1·83	1·71	2·13	2·27	2·41	2·80	2·57	2·70	2·67
Jails	·64	·86	1·19	1·47	1·24	1·28	1·27	1·41	1·51	2·08	1·73

* Figures not separately available.

TABLE A—contd.

	1918-14.	1920-21.	1922-23.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
Police	3·92	6·91	9·60	7·87	7·99	8·88	8·88	9·50	9·95	13·19	11·62
Scientific Departments (Museum) . . . . .	..	·08	·38	·01	..	..	..	..	..	..	..
Education	1·43	3·20	4·42	5·26	5·81	6·18	8·08	9·10	9·40	10·11	9·97
Medical	1·11	3·35	3·47	3·37	5·08	5·45	5·18	5·32	5·57	5·26	5·32
Public Health	1·20	1·39	·54	·27	·66	1·43	2·21	1·06	1·84	2·09	2·07
Agriculture and Horticulture	·83	·32	·29	·14	·31	·52	·47	·52	·60	·71	·70
Industries	·01	..	·04	·10	·10	·12	·14	·25	·27	·33	·32
Miscellaneous Departments	·09	·06	..	..	·01	·02	·03	·03	·03	·04	·03
Civil Works†	19·16	26·46	*	12·82	8·99	37·06	33·52	38·86	55·44	53·93	36·62
Pensions, ordinary†	1·71	2·39	2·58	2·06	4·09	3·00	3·59	3·12	3·25	3·29	3·28
Stationery and Printing†	·10	·15	·08	·08	·03	·01	·02	·02	·04	·06	·05
Miscellaneous charges	35	38·75	7·46	4·20	3·98	3·69	3·74	3·64	3·63	3·85	3·22
Total " Provincial " Subjects	33·65	98·74	85·66	43·78	48·11	76·94	79·44	84·73	1,02·48	1,08·41	86·55
Taxes on Income†	·01	·01	·15	·25	·43	·47	·56	·66	·68	·87	·85
Ecclesiastical	·13	·20	·32	·30	·26	·21	·25	·18	·19	·22	·22
Political	·01	·01	·01	·03	..	·01	·08	·09	·13	·14	·22
Currency† . . . . .	..	·04	·04	·08	·09	·09	·30	·16	·11	·13	·17
Territorial and political pensions†	·37	·44	·46	·47	·47	·51	·49	·49	·49	·50	·50
Interest	*	*	*	5·23	5·83	6·34	10·92	14·54	11·44	14·04	14·34
Total " Central " Subjects	·52	·70	·98	6·16	7·08	7·63	2·59	13·12	13·04	15·90	16·30
Grand Total‡	34·17	99·44	86·64	50·14	54·89	84·57	90·03	1,00·65	1,15·52	1,19·31	1,02·85

* Figures not separately available.

† Expenditure on heads marked † is included in other Grants.

‡ Excludes Refunds. Hence, totals will not necessarily tally.

TABLE B.

Eliminating the charges which are not directly connected with the administration of Delhi, the totals are as follows:—

32·09	96·57	83·56	42·30	44·71	74·63	74·73	62·54	1,00·23	1,01·35	84·56
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(4) *Analysis of the growth of expenditure.*—The Inchcape Committee accepted the following figures of expenditure and revenue for its report :—

	1913-14 (actuals).	1921-22 (revised estimates).	1922-23 (budget estimates).
Expenditure	33·99	67·00	66·18
Receipts	14·91	31·39	32·57

It observed that of the growth of expenditure since 1913-14 about 14 lakhs had occurred under "Civil Works" and 4 lakhs each under Police and Education. More than half of the expenditure on Delhi at that time was incurred under the head "Civil Works", and that Committee observed that if Civil Works and a portion of the expenditure on Police arising out of the fact that Delhi is the headquarters of the Government of India were left out of calculation, Delhi was practically self-supporting.

It recommended measures estimated to reduce the expenditure by 4·18 lakhs and noted that steps had been taken to increase the stamp revenue; it also observed that it should be possible to increase the excise revenue by devising an arrangement whereby the neighbouring major provinces (*viz.*, the Punjab and the U. P.) from which Delhi draws its supplies of country liquor and which used to retain the still head duty on such liquor would not retain the whole of the receipts, or alternatively by manufacturing country liquor in Delhi itself. In pursuance of the accepted policy that "duty should follow consumption" Delhi now receives as revenue the duty on such liquor, but in return it pays to those provinces compensations calculated upon the revenue from this source which they received in the three years prior to 1921. The rates of duty were subsequently raised. The following table shows that this arrangement leaves a fair surplus from excise to Delhi revenues :—

	1925- 26.	1926- 27.	1928- 29.	1929- 30.	1930- 31.	1931- 32.
(i) Excise Receipts	6·12	8·59	9·46	9·77	5·33	5·96
(ii) Compensation	Punjab	2·90	2·90	2·90	2·90	2·90
		U. P.	<i>N/A.</i>	<i>N/A.</i>	·22	·22	·22
Total	2·00	2·90	3·12	3·12	3·12	3·12
Excess of (i) over (ii)	3·22	5·69	6·34	6·65	2·21	2·84

The other principal factors in the growth of real, as distinct from nominal, expenditure since 1924-25 have been :—

- (i) *Forest*.—The scheme for the afforestation of the Southern Ridge.
- (ii) *General Administration*.—Appointment of an additional Extra Assistant Commissioner.
- (iii) *Justice*.—(a) Contribution to Punjab Government of .36 lakh for Punjab High Court's services and of .04 lakh for the training of Delhi officers in commercial law.
- (b) Additional subordinate judges and munsiffs, increase in the allowances paid to the Public Prosecutor, and growth of criminal work.
- (iv) *Police*.—Additions to the Police force, revision of pay and of clothing and equipment grants, Increase in travelling and other allowances.
- (v) *Education*.—The five-year programme of educational development and growth of university and secondary education.
- (vi) *Medical*.—Additional grants-in-aid to Lady Hardinge Medical College and cost of training Delhi students at the Medical College at Lahore.
- (vii) *Public Health*.—Expansion of health establishment, increase of grants-in-aid to local bodies including .50 lakh to New Delhi Municipality and the establishment of a new Bacteriological Laboratory.
- (viii) *Agriculture, Horticulture, etc.*—Appointment of a Superintendent of Gardens and his staff and grants for arboriculture.
- (ix) *Civil Works*.—Original works as part of the development of the Capital. Larger expenditure on repairs. Increase in establishments. Enhanced grants-in-aid.
- (x) *Taxes on income*.—Re-organisation of staff, and establishment of a salary circle.

It will be seen that a very large share of the increased expenditure has been caused by the development of the Imperial Capital and the need for maintaining certain standards of administration not only in New but also in Old Delhi.

(4) *Revenues*.—The predominantly urban character of the "province" of Delhi is reflected in the character of its revenues. The principal contributors are Excise, Stamps, Taxes on Income and revenues from urban lands. Rents from residential and other accommodation provided by Government form an unusual feature of Delhi revenues and are a partial set off against the heavy expenditure on the capital programme of Civil Works and the revenue expenditure on them.

The following table shows the growth of the revenues from both "provincial" and "central" subjects:—

TABLE C.

	1913-14.	1920-21.	1922-23.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
Land Revenue	3'53	4'01	3'32	3'41	3'95	4'15	4'34	3'49	3'67	2'73	2'68
Excise	2'71	6'78	4'59	3'88	6'12	8'59	8'97	9'46	9'77	5'33	5'96
Stamps	3'06	7'26	7'21	7'18	7'72	8'24	7'25	7'19	7'51	7'20	7'20
Registration	'23	'45	'43	'48	'50	'44	'44	'49	'52	'47	'47
Irrigation . . . . .	..	'02	'06	'08	'04	'03	'02	'01	..	..	..
Justice	'21	'27	'36	'28	'24	'52	'46	'51	'33	'45	'45
Jails	'82	'18	'19	'22	'23	'22	'28	'16	'21	'14	'14
Police	'04	'21	'24	'19	'21	'06	'23	'23	'33	'32	'32
Education . . . . .	.18	'16	'15	'14	'19	'46	'48	'60	'56	'49	'49
Medical	'01	'08	'10	'11	'11	'08	'07	'19	'20	'20	'19
Public Health . . . . .	..	..	..	..	..	..	..	'12	'08	'77	'07
Agriculture	'01	..	'09	..	..	..	..	'05	'05	'05	'05
Industries . . . . .	..	'	..	'02	..	..	'01	'09	'07	'05	'03
Miscellaneous Departments	'05	'25	'06	'06	'10	'12	'10	'12	'14	'13	'13
Civil Works	1'44	1'61	2'44	4'38	2'00	6'83	6'65	3'25	9'41	15'13	15'75
Pensions	'03	'04	'04	'21	'39	'30	'37	'39	2'52	'11	'11
Stationery and Printing	'05	'08	'07	'08	'02	'02	'03	'03	'06	'09	'09
Miscellaneous	'86	3'13	1'36	2'10	3'16	1'97	1'02	2'13	1'73	2'06	1'81
Total "Provincial" Subjects	12'23	24'23	20'71	22'72	25'93	32'03	30'72	33'46	36'23	35'77	35'84
Currency . . . . .	..	'22	†	..	†	..	..	..	..	..	..
Customs—Cotton excise duty	'04	'65	1'41	1'92	1'55	—'9	..	..	..	..	..
Taxes on Income	2'13	12'80	8'27	9'56	11'44	11'20	11'57	10'40	11'40	8'99	6'67
Opium	'25	'14	'23	'37	'11	..	..	..	..	..	..
Total "Central" Subjects	2'42	13'81	9'81	11'85	13'10	11'11	11'57	10'40	11'40	8'99	6'67
GRAND TOTAL	14'65	38'04	30'52	34'57	39'03	43'14	42'29	43'86	47'63	44'76	42'51

* Included under "Miscellaneous Departments".
† Figures not separately available.

Explanations.—Against the growth of excise revenue should be set off the compensation of 3·12 lakhs payable since 1925-26 to the Punjab and the United Provinces Governments.

The growth under Stamps has been due to the growth of Delhi as the capital and to increased rates.

The increase under Civil Works has been due to the growth of rents from residential and other accommodation provided out of heavy capital expenditure.

The growth of receipts under miscellaneous has been due to increased premia on plots of land sold.

The fall under customs was the result of the abolition of the cotton excise duties.

The growth under taxes on income is nominal and has been the result of the identification of income tax collected on salaries in the Delhi Salary Circle.

(5) *Departmental proposals for economy.*—Home Department has offered to reduce expenditure as below :—

	Rs.
(i) Direct Demands on Revenue by	23,650
(ii) General administration „	19,330
(iii) Administration of Justice „	15,420
(iv) Jails and Convict Settlements „	16,600
(v) Police „	Nil
(vi) Medical „	24,679
(vii) Public Health „	20,730
(viii) Other heads „	2,09,238
Total	3,29,647

The department has pointed out that if head "Education" for which there is a provision of Rs. 9,97,200 is left out, the total grant for Delhi is reduced to 37·09 lakhs and that the reduction of expenditure offered amounts to a little under nine per cent.

(6) *Our proposals.*—(i) We have considered the suggestion that Delhi should be amalgamated with the Punjab or the United Provinces. But, this question raises controversial issues and we have therefore decided to base our proposals on the basis of Delhi continuing to be an imperial enclave. We do not, however, see why it should not be constituted into a "civic" area somewhat on the lines of the London County Council with the existing local bodies functioning under the Council. The Council should, on the same analogy, control its own police, education, etc.

(ii) We hold that the practice of describing Delhi, with a population of 6,36,000 and an area of 573 square miles, as a "province" or a "local administration" has in the past led to the cultivation of an outlook which has resulted in undue expense if not extravagance. We propose that it should be described in the future as the Imperial District of Delhi and its administration should be framed on that basis. The posts of the Chief Commissioner and the Registrar should be abolished and the district should be placed in charge of an officer of the rank of a District Officer on the senior I. C. S. scale of pay. His precise designation is not, *per se*, an important matter, but we advise against any designation being adopted which by analogy and implication is

likely to lead to unnecessary expenditure. Extra powers should, if necessary, be given to this officer. We think that he will have to be given about half of the present Chief Commissioner's establishments to enable him to carry on his extra duties.

Our proposal will yield a saving of about .81 lakh.

(iii) *District administration*.—The general administration of the "district" is carried on by a Deputy Commissioner assisted by an Additional District Magistrate, four Extra Assistant Commissioners, a Land and Development Officer and a Tahsildar of an officer's rank. The 1931-32 grant contains two new provisions of Rs. 24,800 for a whole-time President of the New Delhi Municipal Committee and Rs. 8,800 for a Resident Magistrate. These two posts were to take the place of the combined Resident Magistrate and Secretary to the Municipal Committee, New Delhi, at an extra cost of .25 lakh. The establishments for district administration consist of 2 draftsmen, 4 surveyors and 180 executive subordinates, clerks and servants. The 1931-32 provision for district administration is Rs. 3,22,500.

We hold that the district staff is altogether excessive for the needs of Delhi. We propose that the scheme for a whole-time President of the New Delhi Municipal Committee be dropped, saving Rs. 24,800. At the same time, we think there is no need for the separate post of a Resident Magistrate; this post should therefore be abolished, saving Rs. 8,800. The Resident Magistrate's and the Secretary's combined duties should be carried on by one of the four Extra Assistant Commissioners; it is on this account that we are not proposing any reduction in the number of officers on the district staff, even though we observe that one new post of Extra Assistant Commissioner was created in 1928-29.

We note that in 1927-28 and 1929-30 the district establishments numbered only 153 and 158. Their number went up to 200 in 1930-31 and now stands at 186. The number should be reduced by about 15 per cent. to the 1929-30 level, viz., 158, saving about Rs. 20,000. [In para. 6 (ii) above we have proposed that the district office should get half the establishment of the Chief Commissioner's office]. Allowances and honoraria should be reduced by (a) Rs. 2,400, viz., the two new items and (b) 15 per cent. on the rest, yielding a saving of about Rs. 3,200.

The actual expenditure on Contingencies in 1926-27 and 1928-29 was Rs. 33,508 and Rs. 39,267 respectively. We propose that a reduction of 10 per cent. in the 1931-32 provision of Rs. 42,800 should not be difficult to effect, especially in view of the fall in prices, saving Rs. 4,280.

Our proposals will yield a total saving of Rs. 63,480, or, say, Rs. .63 lakh.

(iv) *Direct demands on the Revenue*.—The provision for the administration of Land Revenue (30), Land Records (103), Excise (7), Stamps (2), Forest (1) and Registration (3) is Rs. 4,55,200; the establishments maintained are shown in brackets after each. The expenditure includes Rs. 3,12,400 on account of assignments to three local Governments and certain other obligatory expenditure. Home Department has offered permanent economies aggregating Rs. 23,650. We recommend that this offer be accepted.

(v) *Administration of Justice*.—(i) *Law and Justice*.—The Punjab High Court, Lahore, does High Court work for Delhi and the Punjab Government are paid Rs. 36,000 in respect of such work. The other staff for the administration of justice is:—(a) A District and Sessions Judge (Rs. 1,000—3,000 plus a special pay of Rs. 150), and 6 subordinate judges and munsiffs.

Establishments number 112. (b) Small Causes Court :—A Judge, a Registrar and an establishment of 30. (c) A Public Prosecutor on Rs. 1,000 per mensem.

The following table shows the growth of expenditure (in lakhs) :—

1913-14.	1921-22.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1931-32.
1·14	1·50	1·71	2·13	2·37	2·41	2·50	2·57	2·67

The Chief Commissioner originally offered the following savings totalling Rs. 19,220, viz., Rs. 8,800 under non-voted pay of officers, Rs. 200 pay of establishments, Rs. 4,000 pay of officers, Rs. 6,220 under the various heads "other charges". We cannot ascertain what portion out of this was intended to be of a permanent character. Home Department is now prepared to offer permanent savings of Rs. 15,420, but we do not know the details. Our own proposals below yield a saving of Rs. 17 lakh which is not materially different from the department's offer.

Proposals.—If the provision of Rs. 150 per mensem is for some special and not, as we presume, the ordinary judicial pay to the District and Sessions Judge, it should be abolished; we consider that in the case of the judiciary, special pay is objectionable in principle. For the present we leave this out of our calculation.

One new post of additional subordinate judge was created in 1930-31. There are now in all nine officers. One post should be abolished, saving about Rs. 7,000. The cost of establishments (Rs. 55,500+14,500) should be reduced by one-tenth, saving Rs. 7,000.

Other charges should be reduced to Rs. 12,500 under E-5 and to Rs. 2,800 under D-3 (actuals of 1929-30 being Rs. 12,576 and Rs. 2,878 respectively). Savings Rs. 1,700.

The Registrar for the Small Causes Court should be a judicial officer on a pay not exceeding Rs. 500 per mensem. Saving will be at least Rs. 700; in fact it should be greater.

(vi) *Jails.*—As usual there is a part-time Superintendent in receipt of an allowance of Rs. 150 per mensem and a whole-time Deputy Superintendent. The establishments number 68—jail and 2—medical. The actual cost of jails (apart from jail manufactures) was Rs. 1,45,300 in 1929-30, Rs. 1,33,518 in 1928-29 and Rs. 1,19,207 in 1926-27. The 1931-32 provision is Rs. 1,66,500.

Proposals.—We hold that in view of the fall in prices it should be possible to bring the cost down to about Rs. 1,45,000 by (a) reducing the jail duty allowance to Rs. 100 per mensem, and (b) cutting down establishments and effecting other savings. The Chief Commissioner has, in fact, offered savings of Rs. 16,600; this is also the amount offered on a permanent basis by Home Department. The saving proposed by us amounts to Rs. 21,000.

(vii) *Police.*—The provision for Police is Rs. 11·62 lakhs, i.e., nearly 25 per cent. of the total grant for Delhi in the specific sense. Of this, 10·86 is for the Delhi district police and the rest is meant to meet establishment charges paid to the Punjab Government for the railway police (Rs. 70,400) and for the training of the Delhi police recruit (Rs. 5,100).

The Delhi district police force is manned by a Superintendent, an Additional Superintendent, an Assistant Superintendent and two Deputy Superintendents. There is also a provision of Rs. 16,200 for special officers in connection with the Delhi Conspiracy case. Establishments include 83 Inspectors, Sub-Inspectors and Sergeants, 1,709 Constables and 32 Mounted police. There are further provisions for additional police and temporary and special establishments including the special staff employed for the guarding of the Secretariat.

The following table shows the growth of expenditure on the district police (in lakhs) :—

	1921-22.	1924-25.	1926-27.	1928-29.	1929-30.	1931-32.	
Pay of Officers . . . .	.46	} 7.47	} .42	.45	.53	.68
Pay of establishments	4.22			4.57	5.18	5.36	6.54
Other charges	3.46			2.70	3.14	3.32	3.64
Total cost of district police	8.14	7.47	7.69	8.77	9.21	10.86	

The Chief Commissioner originally offered no savings, permanent or temporary, in this grant. The Home Department does not appear to be prepared to offer any now.

In our opinion expenditure has grown far too rapidly, even when allowance is made for the facts that the population is largely urban and political crime has in recent years been a noticeable feature of crime in Delhi. The establishments numbered 1,499 in 1927-28 and in each succeeding year went up to 1,646, 1,662, 1,689 and 1,826 respectively. Now that political conditions are no longer as disturbed as they were in 1930-31, the expenditure must be brought down considerably. Our proposals are :—

For a district of the size and population of Delhi the staff appears to us to be excessive. We can see no justification for giving it an additional Superintendent of Police ; we consider it a sounder arrangement to have one experienced senior officer of the I. P. S. with an Assistant drawn from the same service and a number of officers of the status of Deputy Superintendents. We propose that the post of Additional Superintendent should be abolished, saving about Rs. 15,000. Even if it be necessary to maintain the present number of officers, *viz.*, 5, we hold that it should suffice to appoint an extra Deputy Superintendent. For the present, however, we assume that no substitute post will be created.

Establishments should be reduced by about 10 per cent., saving Rs. 65,000. Even then the number will be 1,644, besides 9/10ths of the existing additional police and the various special and temporary establishments. The guarding of the Secretariat buildings should be undertaken by the regular police relieved by temporary men paid out of the special provision for temporary establishments. A saving of at least 10 per cent. on the grants of Rs. 36,200 for police clothing and equipment and of Rs. 3,26,400 for other charges will follow as a corollary, even apart from the general fall of prices. Total savings will be at least Rs. 15,000 + 65,000 + 3,700 + 3,620 + 32,640 = say 1.20 lakhs. Even then the police grant will be Rs. 45,000 more than in 1929-30.

(viii) *Education*.—Government maintain a High School costing Rs. 88,800 in charge of a Headmaster assisted by 41 masters and teachers and a clerical and menial establishment of 14. There is also a small educational establishment of 8 directly maintained by Government for special schools at a cost of Rs. 42,800.

Broadly speaking, the educational system is maintained on the grant-in-aid basis, the 1931-32 provisions for grants-in-aid being :—

	Rs.
(a) Delhi University	1,00,000
(b) Arts Colleges	1,09,500
(c) Training College at Lahore (payment made to the Punjab Government for the training of Delhi students)	2,700
(d) Secondary Schools (i) Local Bodies	82,300
(ii) Private	2,69,300
(e) Primary Schools (i) Local Bodies	2,08,200
(ii) Private	13,000

For the direction and inspection of educational institutions Delhi has a Superintendent of Education, one-half of whose pay is charged to Delhi and the other half to Ajmer-Merwara and Central India in the proportion 2 : 1. The provision in the 1931-32 budget for Delhi's share is Rs. 8,400. He is assisted by an Assistant Superintendent for female education (Rs. 250—600), an Assistant Inspector, an Assistant District Inspector and an establishment of 14. Direction costs Rs. 10,300 and inspection Rs. 31,400.

The expenditure on education has grown as shown below :—

1913-14.	1921-22.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1931-32.
.98	3.76	5.26	5.81	6.18	8.08	9.19	9.40	9.97

The Chief Commissioner has proposed the following reductions :—

	Rs.
(a) Grants-in-aid—	
Non-Government Arts Colleges	10,950 — R.
Non-Secondary Schools	22,320 — R.
Local Government Bodies for Secondary education	18,700 — N.R.
Non-Government Primary Schools	8,230 — R.
Local Bodies for Primary Schools	1,500 — R.
Local Bodies for Primary Schools	20,040 — R.
Local Bodies for Primary Schools	780 — N.R.
(b) Scholarships	2,000
Other Expenditure Rs. 835 + 100 + 825 + 360 + 710	2,830
Total	87,350

It will be seen that nearly 95 per cent. of the proposed reduction is on grants-in-aid. We are unable to support the acceptance of the Chief Commissioner's offer. Our view of the manner in which educational and scientific institutions should be treated has already been explained in the first part of our report (paragraph 10 of Chapter I, page 6) and we adhere to it. Government should, if they consider it expedient, negotiate with the authorities of the institutions concerned and persuade them, if possible, to contribute their quota towards meeting the national exigency. For the present, we leave out of our calculation such savings as may be effected as a result of such action.

As regards inspection, the only reduction we can suggest is that the provision of Rs. 2,700 for additional staff and equipment in connection with inspection should be deleted.

(ix) *Medical.*—The senior Civil Surgeon is also Chief Medical Officer and gets a pay of Rs. 3,000 which is presumably shown in the public health grant. New Delhi also has a whole-time Civil Surgeon throughout the year. The other establishments consist of 7 Assistant Surgeons and 16 others including Sub-Assistant Surgeons, Compounders, clerks and servants.

Expenditure on Medical administration amounts to 5.32 lakhs as below :—

	Rs.
(i) Medical establishments	69,600
(ii) Hospitals and Dispensaries	1,08,300 (including Rs 19,000 grants-in-aid and Rs.10,200 for medical arrangements at New Delhi)
(iii) Other grants-in-aid, contributions and scholarships—	
(a) To Lady Hardinge Medical College	3,14,500
(b) Scholarships to students of the above College	900
(c) Grant for venereal diseases	5,000
(d) Payment to Medical College, Lahore, for the cost of tuition of Delhi students	17,100
(iv) X-ray Institute (in charge of an Assistant Surgeon)	16,600

Medical expenditure has grown as shown below :—

1913-14.	1921-22.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1931-32.
1-11	3-32	3-37	5-08	5-45	5-18	5-32	5-57	5-32

The Chief Commissioner has offered savings of Rs. 800 on non-voted allowances and of Rs. 18,589 from certain voted items. They do not, however, appear to be of a permanent character. Permanent savings of Rs. 24,680 have since been offered by the Home Department under this grant.

Our proposals are :—

- (a) We have already proposed [Chapter XIX, paragraph 7 (i), page 47, Part I of our Report] that one Civil Surgeon should move with the Government of India between Delhi and Simla. By way

of an explanation we may add that we had in mind the fact that the policy of locating some offices at Delhi and some at Simla permanently would add to the work at both places or, to put it in other words, that three officers would have to do the same work as has till now been done by four. We have taken account of a saving of Rs. 12,000 on this account under the grant for Medical Services, and therefore shall estimate the saving under the Delhi grant at only Rs. 6,000, the total of Rs. 18,000 being just about one-half of the provision for the pay of the two Civil Surgeons at Simla.

- (b) The Chief Medical Officer gets a special pay of Rs. 250. We find that this is the usual special pay given to a Civil Surgeon for acting as Chief Medical Officer. In this grant, however, we find no provision for it under Medical, though we find there is a provision for a special pay of Rs. 250 p. m. under public health (Account VIII). If, as is likely, the special pay is given to one of the Civil Surgeons for acting as C. M. O., we urge that it should be abolished. If on the other hand it is for public health work and if the post of Assistant Director, Public Health, is abolished as proposed by us [*vide* below], the question of giving some special pay *specifically for public health work* may be reconsidered.
- (c) As regards all other medical expenditure, we would accept the savings offered by the Home Department, *viz.*, Rs. 24,680.
- (d) As regards the grant-in-aid to the Lady Hardinge College we have no objection to Government negotiating with the authorities of the College with a view to its reduction.

On our proposals, total savings will be Rs. 30,680, or, say, .31 lakh.

(x) *Public Health*.—This is in charge of the Chief Medical Officer who presumably gets a special pay of Rs. 250 per mensem for it. In addition to this, New Delhi has a whole-time Assistant Director of Public Health, costing Rs. 15,000 assisted by a Sanitary Superintendent (Rs. 550) and two clerks. Outside New Delhi the arrangements are entrusted to the local bodies to whom special grants-in-aid are given.

The total expenditure aggregates 2.07 lakhs as below :—

	Rs.
(a) Pay of officers and establishment (Rs. 3,000+15,000+9,500+600 for passage)	28,100
(b) Travelling allowances	5,600
(c) Half cost of Health Officer and his Assistant	9,000
(d) Share of cost of Sanitary arrangements	50,000
(e) Public Health grants to local bodies	59,000
(f) Grant to Municipal Committee, Delhi	17,000
(g) Grant to Delhi Health School	6,000
(h) Expenditure for epidemic diseases	21,100
(i) Bacteriological Laboratory	11,200

Expenditure has grown as below :—

1913-14. 1921-22. 1924-25. 1925-26. 1926-27. 1927-28. 1928-29. 1929-30. 1931-32.

1.20 .84 .27 .66 1.43 2.21 1.96 1.84 2.07

The Chief Commissioner originally offered a saving of Rs. 13,610 but it is [not known how much of it was of a permanent nature. Home Department is now prepared to offer a permanent saving of Rs. 20,730.

Our proposals are :—

- (a) We cannot understand why a clean healthy area like New Delhi with its wide spaces should need a very expensive health officer of the status of an Assistant Director of Public Health on Rs. 1,250 per mensem and, in addition, a Sanitary Superintendent on Rs. 550 per mensem. The former post should be abolished, saving Rs. 15,000. The Chief Medical Officer of Delhi should, as Director of Public Health, be able to supervise health work over the entire district. In this connection paragraph (ix) *supra* may be seen. A Sanitary Superintendent of the present status should suffice for New Delhi in any case ; but if the C. M. O. cannot be given health work, and if, as we have proposed, the Assistant D. P. H.'s post is abolished, the appointment of a somewhat senior health officer on about Rs. 750 per mensem might become necessary. For the present we assume a saving of only Rs. 15,000 and not of Rs. 15,000 + 3,000.
- (b) A reduction of at least 10 per cent. in the provision of Rs. 82,000 for grants to local bodies (Rs. 76,000) and to the Delhi Health School (Rs. 6,000) should be made, saving Rs. 8,200. In the light of the Chief Commissioner's original offer, we think that the saving will be much larger than this.
- (c) A similar reduction should be made in the provision of Rs. 12,200 for " Other charges—Miscellaneous " under Epidemic Diseases.
- (d) Such other economies not included in our proposals above as have been offered should be accepted.
- (e) We estimate that the total savings will be nearly Rs. 30,000.

(xi) *Other expenditure.*—This part of the grant, viz., Account IX, aggregates Rs. 4,77,500. The table below shows its elements and the growth of expenditure on each :—

	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1931-32.
Najafgarh Jhil . . . . .	..	-05	-06	-05	-02	-02	-05
Ecclesiastical	-30	-26	-21	-25	-18	-19	-22
Political . . . . .	..	..	..	..	..	-13	-22
Horticulture	-14	-31	-52	-47	-52	-35	-39
Veterinary . . . . .	..	..	..	..	..	-11	-14
Co-operative . . . . .	..	..	..	..	..	-14	-17
Industries	-10	-10	-12	-14	-25	-27	-32
Boilers and Factories.	..	-01	-02	-03	-03	-03	-04
Miscellaneous	4-20	3-98	3-69	3-74	3-64	3-63	3-22

Under "miscellaneous," grants-in-aid are the largest item of expenditure, being over 80 per cent. of the total provision for 1931-32.

Home Department has offered Rs. 2,09,238, mainly on grants-in-aid, out of the total provision of Rs. 4.775 lakhs. We have no detailed information on this subject, but, presuming that the cause of Local Self-Government will not suffer thereby, we recommend that this offer may be accepted. If it does not include savings on petty establishments, we think an additional Rs. 5,600 should be saved under petty establishments. On our proposals relating to Ecclesiastical the provision of Rs. 22,400 for Ecclesiastical—Delhi should almost entirely go, leaving only about Rs. 2,240. Thus, total savings under this Account should be $2.09 + .06 + .20 = 2.35$ lakhs.

(7) *Summary of savings.*—On our proposals the total reduction of expenditure (in lakhs) under this grant will be—

- (a) Chief Commissioner and his establishment .81, (b) District administration .63, (c) Direct demands on Revenue .24, (d) Justice .17, (e) Jails .21, (f) Police 1.20, (g) Education .03, (h) Medical .31, (i) Public Health .30 and (j) Other heads $2.35 = 6.25$ lakhs.

We consider that there is still some scope for economy under Account IX, but we are unable to analyse the position in detail. If this as well as such savings as may be effected in the grants-in-aid (especially non-recurring grants) to educational institutions and the Lady Hardinge Medical College are taken into consideration, we hold that the total reduction of expenditure for the 1932-33 budget will be over 6.25 lakhs. Further, we think that in a budget of the character and size of this grant there should be a *minus* provision for "probable savings". Although we ourselves make no such "deduct" provision, there should be room for Finance Department to do so, even after effect is given to our proposals.

CHAPTER XVIII.

GRANT No. 82.—ANDAMANS AND NICOBAR ISLANDS (41·22 LAKHS OR INCLUDING EXPENDITURE PROVIDED FOR IN OTHER GRANTS, 45·73 LAKHS).

(1) *Introduction.*—These islands form a natural chain of a number of islands, some of which are very small, in the eastern part of the Bay of Bengal. Their total area is 3,143 square miles. The damp hot climate, equatorial in type, is enervating and, broadly speaking, unsuitable to people from most parts of India. Most of the area is still covered by dense equatorial jungle. The interior gives shelter to some savage aboriginal tribes, whose numbers are not known. The islands produce some valuable timbers. There are about 2,200 square miles of virgin forest, at least two-thirds of which is estimated to be capable of profitable working. The configuration of the islands is exceptionally favourable both for the extraction and the shipment of timbers. Coconuts are the principal produce of the Nicobars. The arable area is extremely small. Port Blair in South Andamans is the chief harbour.

The following table shows the population of the islands—(i) convict and (ii) total—and its sexwise distribution and its growth during the census decade 1921—1931 :—

Year of Census.	Total population.			Convict population		
	Male.	Female.	Total.	In Jail.	Out of Jail.	Total
1921	20,793	6,293	27,086	..	..	11,53
1931	19,702	9,761	29,463	485	7,053	7,538

We are informed by the department that the islands are of considerable strategic value for the navy. They are treated as a minor administration under the control of a Chief Commissioner assisted by a Deputy Commissioner, three Assistant Commissioners, a Revenue Assistant, a Personal Assistant, an agricultural officer and a part-time medical superintendent.

The Chief Commissioner is treated as a Local Government, even though he has not got the financial powers of a Local Government. He is also the sessions court and tries all murder cases.

The staffs for medical, police, marine, commissariat, jail and other departments have been described in the relevant portions of paragraph 7.

(2) *Convict Policy.*—Port Blair in South Andamans has been used since 1858 as a penal settlement for prisoners from India sentenced to transportation. Under the system in force prior to 1921 a convict used to be kept in the cellular jail for the first six months after his arrival in the Andamans. Thereafter for a period of 9½ years he remained a member of a labour corps, lived in barracks, was fed and clothed by the State and earned a small gratuity in cash. After that he earned a "ticket of leave" and was allowed to live a semi-independent life and to earn his livelihood. After a total period of 20 to 25 years he was released and had to leave the settlement. In addition to the convict population there was even before 1921 a permanent population of "local-born" persons (about 3,000 according to the 1921 Census), who found private employment in the islands as cultivators, traders or Government employees.

Since 1921 Government's accepted policy is to gradually abandon the Andamans as a penal settlement and to develop it as a free colony. In pursuance of that policy Government have taken the following measures. To start with, as many as possible of the convicts who had suffered in health or had proved incorrigible in conduct were transferred to jails in India. Transfers from India were severely curtailed and almost completely stopped. Convicts were given various inducements to stay on as free settlers, viz., relaxation of conditions, grant of "tickets of leave" after a short period of probation and facilities for getting the convicts' wives from India. Tickets were also granted to convicts retained on Government work whereby they were paid wages on a sliding scale according to skill. Convicts on the "rations and free clothing" basis were granted relaxations designed to remove the stigma of the convict state. Efforts were made to induce convicts to import their wives and families and also to obtain convicts in Indian jails to volunteer for transfer to the Andamans. The success of the attempt to provide a population by the settlement of married convicts is open to question.

In the interests of the free population a new Regulation was promulgated rendering it possible to give grants of land with scope for development on a tenure which could extend up to 60 years and to enable small holders to obtain occupancy rights under easy conditions. Convicts cultivating holdings were given the right to acquire from the day of their release occupancy rights in the holdings cultivated by them. These measures gave considerable stimulus to agriculture and cocconut and other plantations. Government also decided to reclaim certain swamps in the neighbourhood of the more thickly populated parts of the Settlement.

The result of this policy has been a decline in the number of convicts and an increase in that of the free population and also a change in the mental outlook of the convict resulting in his bearing and conduct, his capacity for work and his general health. The areas under cultivation and plantations have grown substantially. There is a larger proportion of self-supporters than before.

(3) *Cost.*—The 1931-32 provisions for Account I which relates to the so-called "Convict Settlement charges" and Account III which relates to stamps inspections of motor vehicles and taqavi loans are 27·49 and 11 lakhs respectively. The provision for Account II relating to Forests is 14·62 lakh. The total provision thus amounts to 42·22 lakhs after taking into consideration the deduction of 2 lakhs made under Forests for "probable savings". Besides, there is a total provision of 3·51 lakhs included in other grants, e.g., census, civil works, pensions, refunds, etc. Total 45·73 lakhs.

The following table shows the increase or decrease of expenditure (in lakhs) on the administration of the islands:—

	1913-14.	1921-22.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
Convict Settlement Charges.	16·12	34·91	27·13	26·09	26·69	23·78	23·87	29·37	32·40	27·49
Forests Account and Miscellaneous.	2·75	12·87	11·54	11·34	12·20	14·50	13·29	16·87	18·15	14·62
III-Stamps	..	..	..	·05	·05	·05	·10	·10	·10	·11
Civil Works	1·67	1·00	2·62	1·35	1·35	1·57	1·49	2·08	3·40	3·28
Pensions	.	*	·03	·06	·09	·06	·06	·07	·05	·06
Total	20·54	48·81	41·35	38·92	40·35	39·96	33·82	48·47	54·10	45·56

Note.—For a true picture of the growth of expenditure certain adjustments must be made, viz., (i) the cost of the R. I. M. vessel included in the figures for steamers and station ships should be excluded, (ii) the recoveries on account of commissariat up to 1926-27 should be excluded and (iii) the non-recurring portion of civil works should be excluded. In the absence of the necessary detailed information we do not attempt to give precisely adjusted figures.

(4) *Growth of cost.*—There is, however, no doubt that the expenditure on the administration of the islands as a free colony has grown. Mr. Jukes remarked that between 1924-25 and 1929-30 there had been "a true growth of approximately 12.35 lakhs, of which 8.75 represents non-recurring items. Of the balance of 3.60 as much as 2.37 under Forests is more than covered by growth in forest revenues and the residue of 1.23 is the result of the policy of developing the islands as a free settlement". Mr. Jukes' remarks were based on the 1929-30 budget figures. Compared with these the 1931-32 provisions show growth or decline of expenditure as below :—

- (i) Superintendence .58, (ii) Medical .13, (iii) Police .10, (iv) Marine minus 1.21, (v) Commissariat minus .10, (vi) Miscellaneous .08, (vii) Miscellaneous jail charges minus 2.32, (viii) Steamers minus .35, (ix) Works minus 1.07.

would only offer certain explanations for a correct understanding of these figures.

The provision for "convict subsistence allowance" (viz., .25 in 1931-32) in the budget for "superintendence" is a new feature arising out of the present convict policy and to a certain extent is a set-off against the decline of expenditure under jail charges. The provision for "marine" varies according to the need for repairs and for supplies. Commissariat charges in 1929-30 were gross and not net. Miscellaneous jail charges should go down as the accepted convict policy gets time to work itself out. The only important changes in regard to the station ship are that the charter money has gone up from 2.82 to 3.39 owing to a steamer of larger capacity being chartered; the estimated recoveries from the Forest Department are also less. As regards "works" the provision has varied mainly according to the estimated need for money for the reclamation of salt swamps.

(5) *Revenue.*—The revenue of the islands is shown in the following table. Practically speaking, the whole of it is derived from forests. The revenue shown under "jails and convict settlements" contains little besides the adjustment of recoveries from other departments on account of the hire of convicts and the sale of stores. Prior to 1926-27 recoveries from the Forest Department on account of the services of the steamers were credited as Forest Revenue; these are now shown as a deduction from the expenditure on the steamers.

	1913- 14.	1924- 25.	1925- 26.	1926- 27.	1927- 28.	1928- 29.	1929- 30.	1930- 31.	1931- 32.
Taxes on Income . . . . .	..	.14	.13	.13	.14	.14	.15	.18	.17
Land Revenue . . . . .	..	.39	.47	.36	.49	.66	.60	.64	.64
Excise . . . . .	..	.04	.07	.06	.10	.17	.16	.17	.17
Stamps . . . . .	..	.05	.05	.05	.05	.06	.06	.07	.07
Jails, etc. . . . .	..	5.33	4.31	1.89	2.77	1.86	2.54	2.75	2.74
Forests . . . . .	..	7.26	8.91	11.71	14.18	15.01	20.07	19.23	20.15
Civil Works . . . . .	..	..	.05	.07	.11	.19	.11	.09	.18
Miscellaneous . . . . .	..	..	..	..	..	..	..	..	.02
Total Revenue	8.64	13.21	14.00	14.28	17.34	18.09	23.74	23.16	24.17
Total Expenditure	20.54	41.35	38.92	40.31	39.96	38.81	46.35	50.66	42.22
Excess of Expenditure	11.70	28.14	24.08	26.03	22.62	20.72	22.61	27.50	18.05

(6) *Departmental proposals.*—The following reductions have been proposed under the various heads excluding forests, *viz.*,

	Rs.
A. Superintendence	17,160
B. Medical	16,980
C. Police	13,100
D. Marine	1,600
E. Commissariat	23,500
F. Miscellaneous	3,600
G. Jail Charges	70,440
H. S. S. Maharaja	25,000
I. Station Ship	31,000
J. Works	<u>3,23,000</u>
Total	<u>5,25,380</u>

The total expenditure under these heads amounts to Rs. 27,49,000 and the proposed cut works out to about 19 per cent. Excluding J—works, the cut amounts to about 12 per cent.

As regards Forests, the department holds that no considerable reductions can be made without affecting the revenues which amount to Rs. 20 lakhs against an expenditure of about Rs. 14½ lakhs, but the department remarks that a saving of Rs. 50,000 may be effected.

(7) *Our proposals* :—

(A) *Account I.*

(i) *Superintendence.*—(a) As in the case of Delhi, we think the administration of these islands should be placed on the footing of a district. We realise that the head of this administration may sometimes have to take decisions on important questions and act on his own initiative. Even then we think that a senior district officer should suffice. He may be called Commissioner but his pay should be on the senior I. C. S. scale (which applies to army officers holding posts borne on the I. C. S. cadre) *plus* a special pay of about Rs. 250. We may add that prior to 1920 the pay of this post was Rs. 2,500—100—3,000.

Apart from the Chief Commissioner, there are 7 officers, *viz.*, A Deputy Commissioner, 3 Assistant Commissioners, a Revenue Assistant, a Personal Assistant to the Chief Commissioner and an Agricultural Officer. For a total population of about 27,000 we consider a general administration on this scale excessive and we propose that the number of these officers should be reduced from seven to six. The provision of Rs. 1,800 for Medical Superintendence should be deleted. The Civil Surgeon's total emoluments appear to us to justify our proposal.

On these proposals the savings would be about Rs. 36,000 *plus* Rs. 1,800 = say, 38 lakh.

(b) In 1929-30 and 1930-31, establishments numbered 71 and cost 78 and 86 lakh respectively; for the current year the strength is 78 and the cost 1.30 lakhs. We observe that the sudden growth of expenditure is mainly due to the introduction of "convict subsistence allowance." But even if this provision were omitted from calculation, the cost would still be 1.05. We do not think that the present accepted policy in regard to the Andamans justifies the growth of such expenditure so fast and we propose that the cost should be brought down by 15 per cent., saving nearly Rs. 19,000.

(c) As regards allowances, we observe that the actuals were Rs. 42,040 in 1926-27, Rs. 39,103 in 1928-29 and Rs. 58,330 in 1929-30. These included the Chief Commissioner's sumptuary allowance (sanctioned in 1925 for the first time), which on our proposals would not be needed any longer. Even if the head of the administration continues to be designated Chief Commissioner, we propose that it should be cut out, saving Rs. 2,400. The reduction of the number of officers and establishments proposed by us must involve the reduction of the provision of Rs. 66,700 for other allowances. We propose that the aggregate provision for 1932-33 should be reduced from Rs. 69,100 to Rs. 47,600

(d) The provision for grants-in-aid, contributions, etc., (A-4) should similarly be reduced by at least Rs. 1,200; this proposal assumes the reduction of two posts of officers entitled to the concession of passages for self and family.

(e) On our proposals the total reduction of expenditure will be .81 lakh as against Rs. 17,160 offered by the Home Department.

(ii) *Medical*.—The 1931-32 provision is 1.78 lakhs against .88 in 1926-27, 1.30 in 1928-29 and 1.66 in 1929-30. There are now five medical officers; in 1928-29 there were three and in 1929-30 four. The cost on account of the pay of medical officers has gone up from Rs. 35,321 in 1928-29 and Rs. 41,463 in 1929-30 to Rs. 60,200 in the current year. The islands have as many as nine civil and convict hospitals and ten dispensaries. Home Department has offered a permanent saving of Rs. 16,980. We do not consider this adequate. In our opinion the budget has grown too fast. After making due allowance for various considerations, we think the medical expenditure should be brought down to the level of 1928-29, i.e., to 1.30 lakhs. Savings Rs. .48 lakh. In this connection the special pay of Rs. 300 to the junior medical officers, who are drawn from the I. M. D., should be revised.

(iii) *Police*.—The Andamans police is largely military in character, and is manned by a Commandant (actual pay, Rs. 1,235 plus the Indian Army Allowance of Rs. 200 plus a special pay of Rs. 350) and a Deputy Superintendent (actual pay, Rs. 300 plus a special pay of Rs. 100). The force consists of 611 men and a boat crew; only 54 of the men are the civil police. The following table shows the growth of expenditure :—

1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1931-32.
2.53	2.61	2.64	2.55	2.71	2.91	2.95

Under the present accepted policy, we do not see the justification for the growth of expenditure under this head. In our view it should go down gradually. Home Department has offered a saving of Rs. 13,100. Further it has proposed to reduce the establishments by 40. We recommend that the provision should be reduced by 15 per cent., i.e., by about Rs. 45,000.

The policy of employing an army officer as Commandant and paying him the army allowance and a large special pay should be revised; we hold that the time has now arrived for initiating seriously the policy of converting the Andamans police from an armed military battalion into a civil police force.

(iv) *Marine*.—The islands have some harbours which necessitate the maintenance of a marine department; the 1931-32 provision for this department is 1.72 lakhs net. The staff consists of an Engineer and Harbour Master (pay

Rs. 750) and an establishment numbering 72. The growth of permanent establishment and that of expenditure (in lakhs) other than that on the fluctuating item of marine supplies are shown in the following table :—

	1924- 25.	1925- 26.	1926- 27.	1927- 28.	1928- 29.	1929- 30.	1931- 32.
No. of establishments	46	46	57	58	58	72	72
Total cost of "Marine"	·47	·48	·57	·63	·72	·76	84

Home Department has offered a saving of Rs. 1,600 under the marine grant but we consider it quite inadequate. In our opinion a reduction of 10 per cent. (=17,230) is the minimum that should be effected.

The marine department supplies coal to the R. I. M. vessels also. The price charged for coal so supplied should be calculated so as to include a proportionate share of all overhead expenses, if this is not being done already.

(v) *Commissariat*.—This department is maintained for the supply of rations to the convicts and to troops and the police stationed in the islands. It also supplies meat, milk, flour and butter to the official population. It is administered by a Commissariat officer belonging to the Indian Army, who, in addition to his pay (actual pay, Rs. 655) gets a staff pay of Rs. 350 and a special pay of Rs. 100. The permanent establishment consists of 7. The following table shows the growth of expenditure :—

	1926- 27.	1927- 28.	1928- 29.	1929- 30.	1930- 31.	1931- 32.
Pay and allowances, passage and contingencies	·18	·18	·19	·19	·19	·21
Supplies—						
Bakery	·07	·09	·08	·03	·08	·12
Dairy	·13	·12	·13	·18	·17	·46
Slaughter house	·49	·38	·37	·09	·30	·57
Other charges	2·32	1·30	·49	1·17	1·10	2·32
Recoveries	..	..	..	..	—50	—97
Net cost of supplies	3·01	1·89	1·07	1·46	1·15	2·50
Total cost	3·20	2·07	1·26	1·65	1·34	2·72

It will be observed that compared with the actuals of 1928-29, 1929-30 and 1930-31 the net total cost has gone up by over a lakh, and is almost double of the average (1·42) of those three years. The Chief Commissioner, while offering a total saving of ·23 lakh, explains this sudden and large growth as being due to the inclusion of freight charges. We cannot accept this or the statement that "the only fact which can lead to a marked reduction in the cost of these services is a decrease in the number of convicts" as a valid reason or a cogent explanation. The convict population is, we presume, declining and not growing. During the last few years prices too have been declining and not rising. We agree with Home Department in holding "that further economies could be effected by tightening up control, e.g., by *reducing wastage* and rigid scrutiny of indents, and would only add that prices for meat, milk,

flour, butter, etc., supplied to the police, the troops and the civilian population should be so regulated as to equalise them, as far as practicable, with prices which would be charged in a free competitive market. Action along these lines should enable the commissariat department to run without such heavy losses as appear to have been incurred. We propose that the net budget should be brought down to about the level of 1928-29, saving 1.46 lakhs in place of the saving of Rs. 23,500 offered by Home Department.

In this connection we think that a cheaper agency should be employed for the administration of the commissariat. As the daily ration strength of the detachment of British troops stationed in the islands is only about 135 men, we do not see why the commissariat officer should be such an expensive army man. We may explain that the present officer's pay is Rs. 655 and his extra emoluments, viz., 350 and 100, amount to over 70 per cent. of his pay.

(vi) The miscellaneous departments maintained in the islands and their cost are shown in the following table :—

	1924-25.	1926-27.	1928-29.	1929-30.	1930-31.
Veterinary	·04	·05	·07	·08	·10
Education	·24	·27	·40	·44	·54
Treasury Registration, etc.	·03	·03	·05	·04	·09
Total	·31	·35	·51	·57	·73

The establishments consist of 2 veterinary assistants with some temporary establishment, 29 teachers, a treasurer and a clerk and a registration clerk.

We agree that with the growth of the "free" population and an increase in the number of children born in the islands the demand for educational facilities must grow. We therefore propose that the education budget should remain as it is. Expenditure on the other departments was ·12 lakh in 1928-29 and 1929-30; the 1931-32 provision for them is ·18. We think it should be brought back to somewhere near the level of 1928-29 or 1929-30. Allowing for growth due to the accrual of increments we think it should be reduced by the amount, viz., Rs. 3,600, offered by Home Department on the whole of this portion of the grant.

(vii) *Miscellaneous jail charges.*—The 1931-32 provision for this is 6.90 lakhs and includes Rs. 20,500 for clothing, Rs. 39,600 for passage money and payments to witnesses attending criminal courts, Rs. 5,38,000 for subsistence money, Rs. 20,700 for forest supplies and Rs. 100 for jail press supplies. These items depend on the relative proportions of the convict population in and out of jail and for purposes of a true comparison we propose to leave them out of our calculation. The expenditure on the other items in this part of the grant has varied as below :—

	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
Pay of Establishments	·48	·45	·46	·50	·46	·51	·52	·53
Allowances of Establishments	·04	·04	·04	·05	·04	·05	·05	·05
Contingencies	·12	·12	·12	·12	·15	·13	·12	·11

The jail population has been declining and we think the strength of establishments should also go down ; in fact we observe that the present number, *viz.*, 30, is the same as in 1928-29. We agree with the Chief Commissioner and Home Department that the rate of subsistence money which used to be Rs. 11 per mensem should not be reduced below Rs. 10 per mensem. It is not possible for us to analyse the position further and we recommend that the saving offered by Home Department, *viz.*, Rs. 70,440 which includes about Rs. 60,000 on subsistence money for convicts out of jail, be accepted.

(viii) *Steamer "Maharaja"*.—Government have chartered from the Asiatic Steam Navigation Company a steamer, the "Maharaja" which plies between these islands and Calcutta, Rangoon and Madras. The charter costs Rs. 4.34 lakhs a year. The only fluctuating items which are amenable to appreciable reduction are the cost of coal, Indian port expenses and "other charges". The provisions for these were Rs. 53,542, Rs. 68,321 and Rs. 21,360 in 1929-30 ; in the 1931-32 budget they are Rs. 60,000, Rs. 68,000 and Rs. 24,800 respectively. Against the gross expenditure there are recoveries, mainly from the forest department.

Home Department has offered a saving of Rs. 25,000, *viz.*, Rs. 16,000 on the cost of coal, Rs. 8,000 on port expenses and Rs. 1,000 on other charges. It is proposed to reduce the number of sailings between the islands and the Indian ports. We recommend that this offer be accepted. Since the prices of coal and other materials have fallen, we do not consider it at all difficult to effect the proposed saving.

We must, however, observe that *prima facie* the charter money, *viz.*, 4.32 lakhs appears to us to be extremely high for a steamer for this purpose. During the present trade depression steamers can be purchased cheap and in our opinion it will be a sound investment to buy up a steamer or two outright ; in 1930 the estimated capital cost of a steamer for this purpose was £60,000. The present charter expires in September 1933. We do not know whether there is any provision for terminating it after giving a stipulated or a reasonable notice. In any case we propose that the matter should be investigated.

(ix) *Station ship*.—The administration maintains a station ship, which plies mainly between the islands and makes trips to Rangoon and occasionally to Madras. It is also used for the transport of troops. To all intents and purposes it is a second steamer serving the islands. The charter costs Rs. 3,39,200 and the total provision is 4.54 lakhs gross and 2.04 net. This steamer was chartered only recently and therefore comparison with expenditure in previous years can afford little guidance. Home Department has offered a saving of Rs. 31,000, *viz.*, Rs. 15,000 on the cost of coal, Rs. 15,000 on Indian port expenses and Rs. 1,000 on other charges. It is also proposed to reduce the number of sailings. We recommend its acceptance. We also endorse the Home Department's suggestion that this ship should be used for the duty of tending lighthouses along the Burma coast. The need for a station ship should be re-considered.

(x) *Works*.—The 1931-32 provision is 3.23 lakhs. It was intended for the reclamation of certain salt swamps. This work has been completed at a total cost of 16.10 lakhs against the original estimate of 14 lakhs. It is unlikely that any provision will be needed for 1932-33. The budgetary position should therefore improve automatically by 3.23 lakhs in 1932-33.

(xi) In a budget of the character and size of this grant we hold that there should be a *minus* provision for "probable savings". In the original budget for 1930-31 there was a provision of 1.50 lakhs for this purpose ; in the revised budget the amount was reduced to 1 lakh. The 1931-32 budget has no such provision in this account, though we note that there is a minus provision of 2 lakhs in Account II. In our opinion there should be room for Finance

Department to provide for some "probable savings" in this account in the 1932-33 budget even after effect is given to our proposals. But, we shall leave out of our calculation such savings as Finance Department may be able to effect.

(xii) On our proposals the reduction of expenditure in Account I will be 7.90 lakhs.

(B) *Account II.*

(xiii) This account relates to Forests. The gross provision for 1931-32 is 16.62 lakhs, but there is a *minus* provision of 2 lakhs for "probable savings". The following table shows the rise or fall of expenditure on certain items relating to the exploitation of the forests in the islands :—

	1924- 25.	1925- 26.	1926- 27.	1927- 28.	1928- 29.	1929- 30.	1930- 31.	1931- 32.
Removal	7.41	7.45	7.36	8.07	8.12	9.60	9.70	11.15
Livestock, stores, etc.	1.33	2.04	2.45	1.56	2.18	1.73	1.63	1.43
Communications, etc. . . . .	.67	.11	.23	.03	.14	.10	.10	.16
Conservancy, etc.	10.12	9.93	10.65	10.03	10.95	11.76	11.80	13.17
Establishments, etc.	1.41	1.42	1.55	1.45	1.66	1.54	1.67	2.11
Total of Account II	11.53	11.34	12.20	14.50	13.36	16.87	18.18	16.62

The superior staff maintained consists of a Chief Forest Officer, two Deputy Conservators, five Extra Assistant Conservators, a Veterinary Officer and an Accounts Officer. The establishments number 84 to which has been added in 1931-32 an engineer and 18 others. It will be seen that the net cost of officers and establishments has jumped up from 1.57 in 1930-31 to 2.11 in 1931-32. Apart from a decrease in the share charged to "Capital", the principal reasons for the upward jump are the appointment of the new staff and additional provision for temporary establishments.

Receipts from forests are estimated at 20.14 lakhs.

The Chief Commissioner offered for 1931-32 a saving of 1.46 lakhs from the net grant of 14.62 lakhs. A permanent saving of .50 lakh has since been suggested by Home Department. We do not consider the offer adequate. For the exploitation of forests of this size the staff employed appears to us excessive, and in our opinion two officers' posts—A Deputy Conservator's and an Extra Assistant Conservator's—should be brought under reduction. We do not see the need for the new staff sanctioned with effect from 1931-32. There appears to be ample room for savings under head "A", i.e., "Conservancy, maintenance and regeneration". We think it should not be difficult to repeat in 1932-33 the savings totalling 1.46 lakhs which the Chief Commissioner offered in respect of the current budget. We propose that the budget for 1932-33 should be reduced by 1.50 lakhs and the provisions under A-1 and B-2 should be specially scrutinised, so as to yield a saving of 1.50 lakhs in all.

(C) *Account III.*

(xiv) *Other expenditure.*—The only item of importance in this account is the provision of .10 lakh for the writing off of irrecoverable taqavi loans. In respect of 1931-32 the Chief Commissioner offered to save Rs. 4,000 and

Home Department recommended the acceptance of the offer. We observe, however, that the actual expenditure was Rs. 9,600 in 1928-29 and Rs. 10,049 in 1929-30. We therefore propose to leave this Account as it is.

Summary of Savings.—On our proposals there will be a total reduction of expenditure of 7·00 plus 1·50 = 9·40 lakhs.

(8) *General scrutiny.*—In this grant we have found numerous cases of what appears to us to be over-budgetting and lack of adequate control over the growth of expenditure. As illustrations we may mention (a) the 1931-32 provisions for the bakery, the dairy, the slaughter-houses, other commissariat charges, cost of coal for the S.S. "Maharaja" and the station ship, (b) the fact that a larger-sized steamer was chartered for service as a station ship and (c) the growth of the staff, e.g., the number of medical officers. Some decline of expenditure should have been the normal result of the present accepted policy in regard to the convict settlement; in fact we observe that, broadly speaking, the tendency is towards an increase. We have come to the conclusion that the entire position needs a thorough scrutiny on the spot by a Finance officer and we propose that it should be undertaken as early as possible. In this connection, the need for a second steamer to serve as the station ship should also be reviewed in the light of our observations in sub-para (ix).

(9) *Conclusions as to financial prospects.*—A striking feature of the administration of these islands is the very great excess of expenditure over revenues. This is the inevitable result of the past history of the islands as a penal settlement. The Inchcape Committee observed that the pre-war excess of expenditure over revenues, which was 11·70 lakhs, had threatened to grow to 34·48 lakhs and made proposals for the reduction of the gap by 4·43 lakhs. Even then the excess would have been about 30 lakhs. It has been substantially reduced since as a result of the new policy adopted in 1921. If the heavy outlay of 16·10 lakhs on the reclamation of salt swamps financed in the last three years be left out of account, the average excess of expenditure over revenues is gradually declining. The present policy should lead to a growth of forest and other revenues. Under the proposals we are making the gap will be narrowed still further to about 8 lakhs, so that, whether the islands are to remain as part of India proper or are to be made over to a separated Burma, they will cease to be the heavy financial burden which they have been in the past.

CHAPTER XIX.

GRANT NO. 86.—EXPENDITURE IN ENGLAND UNDER THE CONTROL OF THE SECRETARY OF STATE FOR INDIA (34·77 lakhs).

GRANT NO. 87.—EXPENDITURE IN ENGLAND UNDER THE CONTROL OF THE HIGH COMMISSIONER FOR INDIA (75·14 lakhs).

(1) *Explanation of grants.*—(A) The net grant of 34·77 lakhs for the India Office may be set out as below :—

(i) Salaries of establishments (27·09) <i>minus</i> recoveries from the British Exchequer (13·8)	14·01
(ii) India Office expenses—Postage and telegrams (1·03), contingencies (2·19), other expenditure (·17) <i>minus</i> recoveries (1·21)	2·18
(iii) Audit establishments (2·26) <i>minus</i> recoveries from the British Exchequer (·44) and portion chargeable to High Commissioner (1·03)	·79
(iv) Contribution to League of Nations (9·03) and other expenditure in that connection (·80)	9·83
(v) Miscellaneous civil charges of which stationery and printing (1·54 gross and 1·08 net) and Secret Service expenditure (1·07) are the largest single items	7·96
Total	34·77

(B) The High Commissioner's grant of 75·14 lakhs for 1931-32 consists of the following items (for details *vide* table in paragraph 8) :—

(i) High Commissioner and his office	12·80
(ii) Education Department	1·33
(iii) Stores Department	27·24
(iv) Trade Department	2·03
(v) Portion of cost of India Office Audit establishment	1·03
(vi) Grants-in-aid (·13), unforeseen charges (·03) and other charges (·35)	·51
(vii) Recoveries, <i>viz.</i> , (a) surcharges on stores for central "commercial departments" (2·61), and for provincial governments (2·41), (b) provincial share of cost of establishments for issue of leave salaries, pensions etc. (2·88) and of the Education Department (1·91)	—9·81
Net	35·13
(viii) Disbursements by High Commissioner on instructions from India—mainly leave salaries, pensions etc.	40·01
Total	75·14

(2) *Control.*—Though nominally the administrative control over the High Commissioner's Office is vested in the Commerce Department, the demand for the grant is presented by the Finance Department and in fact several departments of Government purport to control the various parts of it. Budget control as such must be ineffective.

The demand for the voted portion of the India Office estimates is presented to the Indian Legislature by the Finance Department. The Secretary of State is, however, empowered by section 2(2) of the Government of India Act, 1919, to "superintend, direct and control all acts, operations which relate to the government or revenues of India and all grants of salaries, gratuities and allowances and all other payments and charges out of, or on, the revenues of India", except where a devolution or delegation of his powers has taken place.

(3) *Historical.*—Prior to 1920-21 the India Office performed not only political functions but also “agency” work on behalf of the Government of India. Under the provisions of Section 22-A of the Government of India Act, 1919, a High Commissioner was appointed in 1920-21. The whole cost of his office was intended to be, and is, a charge on Indian revenues and he was to “perform for India functions of agency, as distinguished from political functions, analogous to those now performed in the offices of the High Commissioners of the Dominions”. Stores and Students’ Departments and certain minor matters were transferred on 1st October 1920 and further transfers of work were made on 1st April 1921 and 1st April 1922.

Concurrently with the provision for the appointment of a High Commissioner, the Government of India Act as revised provided that “the salary of the Secretary of State shall be paid out of moneys provided by Parliament, and the salaries of his under-secretaries and any other expenses of his department may be paid out of the revenues of India, or out of moneys provided by Parliament”, and similarly, that the salaries and allowances of the members of the Council of India may be paid from either of these sources. A Committee appointed to consider the allocation of the balance of the expenditure of the India Office, after transfer of certain of its functions to the High Commissioner, recommended that :—

- (i) the salary of the Parliamentary Under-Secretary of State as well as the salary of the Secretary of State be definitely placed on the British Parliamentary vote ;
- (ii) in the case of the remaining expenditure a distinction be drawn between the charges incidental to the political and administrative duties of the Secretary of State, acting as a Minister, and the agency business still conducted by the India Office on behalf of the Indian authorities ; and
- (iii) that under this arrangement the British Treasury be liable for —
 - (a) the salaries and expenses (and ultimately pensions) of all officials and other persons engaged in the political and administrative work of the office as distinct from the agency work, and
 - (b) a proportionate share determined with regard to the distinction laid down in (a) of the cost of maintenance of the India Office,

the exact sum payable under (a) and (b) respectively to be determined by agreement between the Secretary of State and the Treasury from time to time.

Detailed calculations to give effect to this settlement were worked out by a departmental committee which recommended that for a period of five years from the 1st of April 1920 the Treasury should make to the India Office an annual lump sum contribution which would remain constant for that period. In pursuance of these recommendations, the salaries of the Secretary of State and Parliamentary Under-Secretary are now charged on the Parliamentary votes and a grant-in-aid in respect of the India Office is made by the Treasury. The grant-in-aid for 1920-21 was, in the first instance, fixed at £72,000 on the basis of the 1920-21 estimates ; but later in the year, on the basis of a revised estimate submitted by the India Office, it was fixed at 136,000 per annum for the period 1920-21 to 1924-25.

Subsequently, in the course of 1921-22 as a result of a reduction in the rate of 'bonus' due to the fall in the cost of living, the Secretary of State in Council offered to relax the agreement to the extent of conceding to the Imperial revenues a proportionate share of any economy that could be effected in the estimates for 1922-23 as compared with the figures on which the subsidy was based. This resulted in the grant-in-aid being reduced to £113,500 which was distributed among the main account heads as follows :—

	Gross expenditure.	Contribution.	Net expenditure.
	£	£	£
General Administration	252,700	101,400	151,300
Audit	13,700	5,800	7,900
Stationery and Printing	14,000	6,300	7,700
Total	280,400	113,500	166,900

This reduction did not take fully into account the reorganisation of the establishments then contemplated in the India Office on the lines laid down for the administrative offices of the British Government. If allowance had been made for this, the grant-in-aid would have been fixed at a sum of £122,000, representing a saving of £8,500 to Indian revenues.

(4) *Growth of expenditure.*—We have given under each grant various tables to show how expenditure has varied. Here we shall give some tables to show the variation of expenditure and the growth of staff in the India Office and the High Commissioner's office as parts of an organisation which was once unitary—

(i) The total establishments of the India Office just prior to the institution of the High Commissioner numbered 1,135, but this was an abnormally inflated number due to the aftermath of the war. In spite of the devolution and delegations in favour of the Government of India and the provinces and the inauguration of the Indian Stores Department the staffs in the two offices numbered 1,194 viz., 690 in the India Office and 544 (including 16 men employed on temporary decoration work) in the High Commissioner's, in 1930-31. It should be noted that even since 31st March 1931 the High Commissioner's staff has increased by 14.

(ii) Again, in spite of the decline in salaries under the operation of the sliding scale, the gross cost of salaries in the two offices (excluding the Trade Commissioner but including the Stores and Education departments) has been (in thousands of pounds) :—

	1920-21.	1921-22.	1922-23.	1923-24.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.
India Office	308	269	220	200	191	195	191	191	189	194	195
High Commissioner	52	129	130	128	128	111	143	146	154	123	172
Total	360	398	350	328	319	306	334	337	343	317	367

(iii) The growth of expenditure on certain incidental charges is shown in the following tables :—

	1921-22.	1922-23.	1923-24.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
P. and T. charges	2,863	3,366	1,909	2,101	2,237	2,728	2,198	1,800	1,970	1,806	2,100
Health Insurance	995	867	363	695	837	893	887	807	776	872	900
Contingencies	4,128	7,453	6,137	6,444	7,324	5,334	5,526	6,344	11,873	15,503	17,100
Stationery	5,316	5,437	4,763	4,690	5,355	4,326	5,030	4,447	4,593	7,121	6,000
Total	12,092	17,118	13,232	13,930	15,760	13,379	14,341	13,398	19,211	25,367	26,100

(iv) The following table shows the growth of the gross expenditure on the salaries of the staff of the India Office and the High Commissioner's office. The former set includes Audit costs and the latter includes salaries under all heads.

	Secretary of State.			High Commissioner.			Net total.
	Expendi- ture.	Recover- ies.	Differ- ence.	Expendi- ture.	Recover- ies.	Differ- ence.	
	£	£	£	£	£	£	
1913-14	151,793	...	151,793	...	...	...	151,793
1918-19	220,396	...	220,396	...	...	...	220,396
1919-20	205,108	...	205,108	...	...	...	205,108
1920-21	323,022	...	323,022	51,671	...	51,671	374,693
1921-22	275,197	190,895	84,302	128,847	91,014	37,833	132,136
1922-23	234,300	107,200	127,100	129,237	70,730	58,507	186,067
1923-24	212,759	149,342	64,417	130,115	68,683	61,432	125,840
1924-25	204,750	146,027	58,723	133,631	65,319	68,312	124,006
1925-26	205,540	151,496	54,044	147,213	111,062	36,151	90,196
1926-27	208,505	136,115	72,390	150,411	123,612	26,799	103,969
1927-28	208,868	124,045	84,823	156,613	160,896	-4,274	75,549
1928-29	203,742	121,838	81,904	163,504	104,174	59,330	139,334
1929-30	207,229	119,004	88,225	178,450	118,174	60,276	148,501
1930-31	208,050	122,504	85,546	187,748	100,362	87,386	173,571
1931-32 (Budget)	220,135	118,300	101,835	189,675	78,575	111,100	218,036

We shall now deal with each of these grants separately.

GRANT NO. 86.—SECRETARY OF STATE.

(5) *Secretary of State's proposals*.—A Retrenchment Committee appointed by the Secretary of State in May 1931 (over which Sir Henry Wheeler presided) reported to him that (i) owing to the presence in the estimates of large items of an immutable nature, in particular the contribution of £87,725 towards the cost of the League of Nations secretariat, anything approaching an all-round reduction by ten per cent. either in the current year or in the immediate future was impossible, (ii) an immediate investigation in regard to the retrenchment of staff was undesirable in view of the imminence of the resumption of the Round Table Conference, (iii) the automatic operation of the sliding scale governing the cost of living bonus payable to the staff had reduced the net cost of the staff by approximately $7\frac{1}{2}$ per cent since the period of stability in 1923—26, (iv) the possibility of effecting some reduction under telegrams, air mail, office repairs, lighting and fuel, house articles, books and periodicals, library and advertisements would be explored, (v) extended use of the wireless in replacement of the cable might be made, (vi) the reduction or even discontinuance of the contribution to the Indian Museum Collection at Kew might be examined, (vii) the possibility of retrenching expenditure on the personnel attending conferences (e.g., International Labour, Disarmament, Opium and Drugs, Treatment of Foreigners) and the Assembly of the League of Nations should be investigated in India, and (viii) an effort should be made to secure the discontinuance of the annual contribution of £12,000 from Indian revenues in aid of diplomatic establishments in China.

The Secretary of State has intimated that he has accepted these conclusions and initiated action on the lines proposed. The question of reduction in the scale of allowances for Delegates and Advisers to International Conferences and the Delegates to the resumed Round Table Conference was taken up and some reduction was effected. He has added that the question raised in (viii) will be taken up in due course but no other saving in the grants for "Political" and "Frontier Watch and Ward" appears practicable.

The India Office states that the savings cannot be precisely estimated, but has promised that the greatest possible economy will be exercised.

Procedure followed by us.—The Secretary of State laid down the following procedure for us:—"If your Advisory Committee should wish to make any comment on this grant, they should be addressed to myself through your Government and not to the Government of India direct". Our official colleague Mr. Nixon suggested that we should await the report of the Secretary of State's Economy Committee and should not issue a questionnaire in regard to this grant but should "consider ourselves free to make any recommendations which we think fit". We accepted this suggestion. Apart from the bare summary in three pages in the Demands for Grants and a cable summary of the report of the Economy Committee mentioned above and of the conclusions of the Secretary of State and the action taken or contemplated by him on that report we had no information in regard to this grant. We have therefore had to base our proposals, not on our usual detailed scrutiny of each item but on broad *a priori* grounds.

(6) *Our proposals*:—We have shown above how expenditure on General Administration in England has grown. Considering that the work that was to be taken over by the High Commissioner was a strictly defined part of the work which used to be done till then by the India Office one should have expected as regards the combined expenditure of both offices nothing more than the normal growth of expenditure such as occurs in every Government department.

The Honourable Mr. (now Sir) Purshotamdas Thakurdas, a member of the Indian Retrenchment (Inchcape) Committee, 1922-23 stated the position as he visualised it in the following terms :—

“ These changes should be brought about forthwith, and then the India Office should cost nothing to the Indian Exchequer, on the principle laid down by the Committee, since the India Office would then be left with only political work, which has been approved as a fair charge on the British revenues.”

We entirely agree with the view taken by Sir Purshotamdas Thakurdas that with the complete divorce of agency from political work in England the India Office should no longer involve any financial burden on Indian revenues. We do not, however, consider that it would be possible to bring about such a change immediately. We therefore propose that action should be taken early to bring it about in as short a period as practicable. As an earnest of action in the direction indicated by us, the Secretary of State's budget should be reduced by 25 per cent. on all items except those on which no retrenchment is possible (*e.g.*, the British National Health Insurance Scheme contributions).

(ii) In our opinion India's contribution of Rs. 9.03 lakhs towards the expenses of the League of Nations is unfair to India's relative position in the League and out of accord with her economic conditions. We consider that the Government of India should press strongly for a revision of the formula at present governing the contributions of members and that they should themselves devise a substitute formula so as to impose a substantially smaller burden on India than the present one. The necessity for action on these lines is all the more pressing in view of the contingent rise in the rupee cost to India consequent on the breakaway from gold. We recognise that it may not be possible for the Government of India to succeed immediately in bringing about the result we contemplate but we strongly feel that if suitable relief to India is not forthcoming within the next twelve months, India should seriously consider whether in her present financial stress she should not withdraw from the League.

(iii) There appears to be some possibility of reducing the expenditure under Miscellaneous Civil charges aggregating 7.96 lakhs. Although we are unable to estimate the probable savings in this part of the grant, such economies as may be effected may possibly suffice to meet the extra cost of India's contribution to the League of Nations' secretariat on account of the depreciation of the sterling and the rupee in terms of gold.

As regards the possibility of reducing other expenditure in England under the Secretary of State's control, *e.g.*, the provisions for political, Frontier Watch and Ward, we shall deal with it in the report dealing with the Foreign and Political Department.

(iv) The audit establishments maintained by the India Office serve the High Commissioner's Office also. Audit charges have grown as shown below :—

	1913-14.	1918-19.	1919-20.	1930-31.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
	£	£	£	£	£	£	£	£	£	£
India Office	7,440	9,107	13,303	14,958	4,563	5,346	5,438	6,100	5,400	5,900
High Commissioner	...	...	...	...	7,500	7,500	7,500	7,500	8,000	7,700
Charged to Local Governments	...	...	...	...	3,525	3,437	3,437	3,400	3,500	3,400
Total	7,440	9,107	13,303	14,958	15,587	16,183	16,375	17,000	16,900	17,000

In spite of the decline of salaries owing to the operation of the sliding scale for the cost of living bonus the cost of audit has been rising even though very slowly. We think, the expenditure should be reduced by about ten per cent.

(7) *Summary.*—We estimate that our proposals will yield a saving of about 8 lakhs. (We have taken the gross provision for India Office establishments as one of the bases of our calculation.)

GRANT NO. 87.—HIGH COMMISSIONER.

(8) *High Commissioner's proposals.*—The following table shows in detail the reduction of expenditure which the High Commissioner hopes to effect during the current year.

	Budget, 1931-32.		Proposed cut.	
	Voted.	Non-voted.	Voted.	Non-voted.
	£	£	£	£
A. High Commissioner's establishments (other than the Store Department and the Education Department)—				
1. Salaries—General	19,800	11,775	600	300
2. Salaries—Accounts Department .	21,225	13,875	1,200	600
3. Expenses in connection with new Office . . . . .	..	..	..	..
4. Mural paintings at "India House "	2,475	..	..	..
B. High Commissioner's office expenses—				
1. Postage and telegrams to India .	2,100	..	150	..
2. National Health and Unemployment Insurance . . . . .	..	900	..	..
3. Office contingencies, etc. . . .	15,975	1,125	525	..
• Education Department—				
1. Salaries	6,000	..	300	..
2. Other expenses	3,975	..	300	..
D. Colonial Departmental charges for issue of leave pay, etc.				
	750	..	..	..
E. Store Department—				
1. Salaries	45,525	56,250	3,300	2,925
2. Wages of artificers, labourers, etc.	16,500	..	975	..
3. Professional inspection of stores .	55,350	..	2,700	..
3. Office contingencies, etc. . . .	27,075	3,600	3,075	..
F. Trade Department—				
1. Salaries	3,750	3,000	150	..
2. Other expenses	3,975	225	150	..
3. Trade Commissioner in Europe .	2,250	2,025	..	..
G. India Office Audit Establishment (portion relative to High Commissioner's work)				
	..	7,725	..	..

	Budget, 1931-32.		Proposed out.	
	Voted.	Non-voted.	Voted.	Non-voted.
	£	£	£	£
H. Deduct recoveries—				
1. Surcharges on stores supplied to commercial departments of the Central Government	—19,575	..	..	..
2. Surcharges on stores supplied to Provincial Governments, Local Funds, Indian States, etc.	—18,075	..	..	..
3. Provincial Governments' share of the cost of the High Commissioner's establishment for issue of leave salaries, pensions, etc.	—21,600	..	..	..
4. Provincial Governments' share of the cost of the High Commissioner's Education Department	—14,325	..	..	..
I. Miscellaneous civil charges—				
1. Leave salary, etc., of Indian Establishments	49,650	210,300	..	..
2. Allowances and fees to Scholars and Probationers	6,150	..	..	..
3. { Expenditure in connection with appointments to the Indian Services	975	..	..	..
{ Recruitment of personnel for Indian State Air Service	3,225	..	..	..
4. Payments to Imperial Airways, Ltd., for Karachi—Delhi Air Service	25,950	..	..	..
5. Stationery and Printing—				
(a) Stationery, Printing and Bookbinding charges	6,000	..	..	..
(b) Leave Salaries, etc.	2,625	1,200	..	..
6. Grants-in-aid	975	..	..	..
7. Unforeseen charges	225	..	..	..
8. Other charges	2,625	..	..	..
Total, Grant No. 87	251,550	312,000	13,425	3,825
			= 17,250.	

The saving amounts to only £17,250 out of a grant of £563,550. It is admitted that even these savings will be effected only "by postponing certain maintenance charges and omitting all but bare necessities". The High Commissioner points out that the scope for savings is, practically speaking, limited to items A to F of the table and that the operation of the sliding scale for the cost of living bonus serves as an automatic measure of retrenchment. He considers that no reduction of staff is possible. Even in the case of his Stores Department, where the volume of work has admittedly declined, he has only offered savings of £850 in all on *salaries* (in addition to the anticipated savings on account of the reduction of the bonus payable), and has offered the following explanation as to why no further reduction of staff can be made at present :—

"Although the volume of purchases has declined owing partly to reduced expenditure by indenting departments and partly to the extension of the rupee tender system, there is nevertheless a considerable amount of pre-contract work preliminary to local purchases

followed by post-contract work relating to the inspection of materials for which orders have been placed in India. This work is more complex than similar duties under contracts arranged here and involves more correspondence and general office work."

(9) *Our proposals.*—It will be convenient if we deal with the main branches of this office separately, viz., (a) the High Commissioner's office proper, (b) Education Department, (c) Stores Department, and (d) Trade Department. Audit will be disposed of along with (a).

(a) High Commissioner's Office.

(i) It is difficult to get reliable figures of the cost of the office proper of the High Commissioner for the years up to 1928-29, since the head "salaries" in the Finance and Revenue Accounts includes salaries in the Stores and the Education departments. The following table gives such figures for the three years ending 1931-32 :—

	1929-30	1930-31.	1931-32.
Salaries—General	3.35	4.01	3.83
Salaries—Accounts	4.44	4.57	4.68
New office expenses*	27.38	4.30	..
Mural painting* . . . . .	..	..	.33
P. and T. charges . . . . .	.26	.28	.28
National Health Insurance . . . . .	.10	.12	.12
Contingencies	1.58	2.08	2.28
Colonial Department . . . . .	.09	.10	.10
Stationery, Printing and Bookbinding . . . . .	.61	.75	.80
Total (omitting items marked*)	10.43	11.91	12.09

(ii) The office is organised in departments with sections each in charge of specific classes of work.

In the General Department one section deals with deputation, study leave, facilities to Government officials not on deputation or study leave and to non-officials, another with questions relating to passage, passports, destitute Indians, lascars, a third section with recruitment cases (about sixty a year). Records, library, book purchase and publication work are in charge of another section, and registration work is in charge of an independent section.

The Accounts Department has ten different sections, and it has been pointed out that whereas the India Office used to classify leave pay under only four heads of account, the High Commissioner has to do so under 384 heads while sterling overseas pay accounts for another 340 heads.

The recently created "Public Department" has charge, *inter alia*, of the High Commissioner's international work.

(iii) The High Commissioner hopes to be able to effect savings of £900 and £1,800 in the General and the Accounts departments respectively, mainly owing to the lower bonus payable under the operation of the sliding scale. He has

also offered certain minor savings, viz., £150 under postage and telegram charges, £600 under stationery and printing and £525 under contingencies. The last item involves the postponement of the cleaning of the exterior of the India House and of the supply of racks and shelves.

(iv) *Our proposals.*—In paragraph 4 we have given certain tables in support of our conclusion that the total expenditure of the High Commissioner's office and the staff controlled by him have both grown to an extent which demands serious retrenchment irrespective of the departmental view as to the irreducible minimum.

In the case of this grant also we are handicapped in making our retrenchment proposals since we did not have detailed information such as we had in the case of the other grants dealt with by us. We are therefore unable to give detailed reasons in support of our recommendations. We take our stand not so much on the ground that the staff is excessive for the work in hand as on the ground that the expenditure must be cut down in the interests of the tax-payer. We feel that the limit of the capacity of India to bear additional taxation has been reached and that she must no longer aspire to keep up her present standards and therefore her present scale of expenditure. We propose that the budget of the High Commissioner's office should be reduced by 20 per cent. as regards the items which are controllable. The total provision for such items excluding the provisions for the Stores department in the 1931-32 budget is 17·35 lakhs. A reduction of 20 per cent. on this amount would amount to 3·47 lakhs. Our proposal is essentially a "block" cut and is not based on a detailed scrutiny of each item but we may indicate a few specific directions along which, retrenchment can and may be effected :—

- (a) The Deputy High Commissioner's post, even if it only replaced a Secretary's post, may be abolished. In the High Commissioner's absence the seniormost officer in the office can "deputise" for the High Commissioner, but he should get no extra emoluments on this account. This will yield a saving of nearly Rs. 27,000 on pay alone.
- (b) The High Commissioner has a Private Secretary and a Personal Assistant. One of these posts might be abolished, saving about Rs. 5,000 to Rs. 6,500.
- (c) Certain officers may be retired and their posts may be left vacant or be filled by junior men at the bottom. We may give a few examples :—

Designation.	Age on 31st December 1931.	Pay. £
Secretary	53½	975
Chief Accounting Officer	57½	1,100
Assistant Chief Accounting Officer	56½	750

- (d) We observe that the Indian members of the High Commissioner's staff drawing a basic pay of £400 a year or less get an overseas allowance of £50 a year. It has been pointed out to us that Indianisation of the staff has therefore involved an increase in the cost on account of the emoluments of the subordinate staff. The original estimated annual cost of this allowance was only

£650 ; in fact, we observe that it is now costing £3,000. We recommend (Mr. Ramsay-Scott dissenting) that this privilege should be abrogated. Its value to the Indian staff is small and it may serve only to supply a misleading analogy in defence of overseas pay to non-Asiatic officers serving in India. The Indianisation which, we think, the country has at heart is in the superior and not in the merely clerical posts.

- (e) The "Public Department" may be absorbed into the General Department from which it was recently separated. It may be possible to appoint the present incumbent of the post of Secretary in the Public Department as Secretary, General Department, and to treat him as entitled to "deputise" for the High Commissioner during the latter's absence.
- (f) We also presume that the provision of Rs. 33,000 in the current grant for mural paintings in the India House will automatically cease.
- (g) The 1931-32 provisions for contingencies, stationery and printing and postage and telegram charges are £17,100, £6,000 and £2,100 respectively. We think it should be possible to effect savings in these items in the High Commissioner's budget just as we hold it feasible to do so in the case of departments and offices in India. Even a twenty-five per cent. cut in these will still leave the provision at about the 1929-30 level, while yielding a saving of Rs. 84,000.
- (h) Some saving is possible under "audit", the figures for which are not included in the figures on which we have proposed a cut of 20 per cent. On our proposal in paragraph 6 (v) the savings should amount to over 10 lakh.
- (i) A few more specific details can be given, but we consider it unnecessary to do so. Having regard to the financial position of India we propose that the High Commissioner should be called upon to reduce his expenditure so as to realise a total saving of 3.47 lakhs on the controllable expenditure other than that on the Stores Department. The specific suggestions made by us above give a saving of nearly 2.20 lakhs. In addition, we have suggested specific savings of .60 on the Trade Department and .45 on the Education Department. He has thus only about $\frac{1}{2}$ lakh more to save. Our proposal in (v) above offers a promising field for economy. We thus think, a total saving of 3.47 lakhs should not be difficult in a budget of 17.35 lakhs.

(b) Education Department.

(i) The staff consists of a Secretary (£700—900), five other officers and five clerks. Two officers' posts were created since 1929. A hostel is maintained at Cromwell Road, London, for the benefit of Indian students. The loss on its working was £401, £177 and £287, in 1927-28, 1928-29 and 1929-30, respectively.

(ii) The sterling expenditure of this Department has been :—

1913-14.	1918-19.	1919-20.	1920-21.	1921-22.	1922-23.	1923-24.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
2,611	3,326	4,749	5,198	4,934	4,678	4,545	3,269	3,144	4,092	3,714	3,227	5,909	10,400	10,000

The figures up to 1928-29 do not include the cost of salaries, which amounted in 1929-30 to £5,900.

(iii) In response to the Finance Department's call for a ten per cent. (temporary) cut the High Commissioner offered to reduce his provision under this department by £600 including £300 on the repair and maintenance of the Cromwell Road Hostel.

(iv) We consider that the staff and expenditure of this Department are growing at a pace not justified by its real utility or even the growth of its work. Among Indian students its popularity is by no means universal and some of us are personally aware of the fact that it is not unusual for Indian students, especially those who have friends or other connections to help them in securing admissions, to avoid seeking its assistance. In our opinion a substantial curtailment of its activities will not injure the interests of the Indian student community, and we propose that its expenditure should be reduced by one-third, saving nearly Rs. 45,000.

For purposes of calculation we have lumped it with the expenditure, other than that of the Stores Department, which we have disposed of above.

(c) Stores Department.

(i) The administrative control over this branch of the High Commissioner's office is exercised by the Department of Industries and Labour as the department in control of the Indian Stores Department in India.

(ii) The following tables show the variations of the staff of, and the expenditure (in sterling) on, this department:—

TABLE A.—TOTAL COST.

	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.
	£	£	£	£	£	£	£
(i) Proportionate cost of India House and Grosvenor Gardens charged to Stores.	17,748	18,787	18,438	20,750	21,221	18,617	20,560
(ii) Stores Department		142,083	139,588	143,586	148,751	152,100	155,366
(iii) Professional Inspection	21,064	44,064	54,064	58,546	54,921	65,365	62,389
(iv) Stationery, printing etc.	2,345	2,870	2,103	2,815	2,323	1,913	2,967
(v) Other "Miscellaneous"	4,065	3,642	1,958	1,663	1,387	1,306	1,316
		212,460	216,231	227,559	228,508	239,533	242,914
Deduct recoveries on account of packing charges . . . . .	...	12,363	17,904	11,610	...	...	...
Net total cost . . . . .	...	200,107	198,327	215,749	228,503	239,533	242,914

TABLE B.—COST OF STORES DEPARTMENT PROPER.

	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.
(i) Cost of Staff	69,993	66,031	1,00,479	1,05,159	1,10,358	1,12,399
(ii) Wages of labourers	21,548	21,115	21,546	19,707	19,108	18,360
(iii) Upkeep-Contingencies	15,950	15,363	16,361	19,158	18,009	18,880
(iv) Interest on assumed capital cost of premises.	5,200	5,300	5,300	4,727	4,727	4,727
Total	1,42,691	1,39,568	1,43,555	1,48,751	1,52,100	1,55,366

TABLE C.—COST EXCLUDING SALARIES.

Excluding salaries the cost of the Stores Department was (in thousands of pounds sterling) as below :—

1913-14.	1915-20.	1921-22.	1922-23.	1923-24.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
27	49	58	42	54	58	81	88	95	93	216*	215*	204*

*These figures include salaries which, as shown by the preceding table account for a little under half the total expenditure.

TABLE D.—NUMBER OF STAFF.

		1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.
Staff	{ Permanent	147	147	174	187	185	186
	{ Unestablished	76	55	53	53	52	51
	{ Temporary	50	17	19	17	18	21
Labourers	{ Permanent	87	87	87	86	86	84
	{ Unestablished	54	53	49	46	53	38
	{ Temporary	Nil	3	2	1	10	1

(iii) Originally the High Commissioner stated that he was not able to decide what the size of this department should be in view of (i) the introduction of the rupee tender system from 1st January 1931 and (ii) the fact that the restricted purchase of stores by India in recent years was an abnormal phenomenon. He has, however, since appointed a small committee to examine the scope for economy.

(iv) *Our proposals.*—(i) The figures quoted by us clearly show that this department has been allowed to grow at an abnormal pace. The setting up of the Indian Stores Department from 1st January 1922 was for a while reflected in the cost of the department. But, since 1924-25 the growth has been rapid and sustained. We can see little justification for it. The Indian Stores Department must have materially relieved the London Department of work that it had to perform before 1922. The rupee tender system must help to relieve it still further. The cost of the department should therefore go on declining; in fact it has been growing apace.

Were it a mere question of ordinary retrenchment, we would perhaps not be prepared to recommend a substantial curtailment of its activities all of a sudden. But, in our opinion the existence of this Department seriously detracts from the utility of the Indian Stores Department. Instead of being an agent of the latter for the purchase and inspection of European stores, it tends, by its very existence, to act as a rival to it. Certain departments, especially the Railways and the Army, which might otherwise learn to rely on the Indian Stores Department, tend to purchase non-Indian stores through the London Stores Department. We therefore recommend that its staff and activities should be substantially curtailed in the interests of Indian industries. We have had the benefit of the oral examination of, and a detailed note by, the present Chief Controller of the Indian Stores Department, who has some experience of the working of the London Stores Department and we accept his view that

even for the purposes of the 1932-33 budget the following economies in or on account of this department are possible :—

Head.	Sub-head.	Estimated savings in 1931-32.*	Estimated savings in budget estimates, 1932-33.
		Rs.	Rs.
<i>High Commissioner's Establishment.</i>			
A.	A. 2. Salaries—Accounts Department . . . . .	..	16,000
<i>Stores Department.</i>			
E.	E. 1. Salaries	83,000	3,43,800
	E. 2. Wages of Artificers, Labourers	13,000	55,000
	E. 3. Professional Inspection of Stores—		
	Fees . . . . .	..	6,213
	Actual Expenses	36,000	2,00,000
	E. 4. Office Contingencies	41,000	1,00,000
	Total	1,73,000	7,21,013

*This saving may not be possible now, though we think it was so when the note was written.

Meanwhile the Department should be thoroughly overhauled and reorganised. Its cadre should be reduced to the bare minimum necessary for the services likely to be demanded of it under the revised system of purchase of India's requirements. Its functions should, broadly speaking, be confined to :—

- (1) Inspection during manufacture and before shipment of such stores ordered by purchasing authorities in India as require inspection before arrival in India.
- (2) Arrangements for the supply of "Military Stores" until such time as the rules regarding this class of stores have been modified.
- (3) Arrangements for the supply of any stores of a special or unusual character which cannot be economically obtained under the rupee system of purchase.
- (4) Assistance to the Education Department of the High Commissioner's office in obtaining facilities for practical training for Indian students.
- (5) Assistance to purchasing departments in India in the matter of market intelligence, capacity and standing of manufacturing firms in Europe, etc.
- (6) Assistance to purchasing departments in India in connection with the distribution of their invitations to tender, examination of tenders, etc.

We think that when it is reorganised on these lines, the Stores Department should not cost more than about 15 lakhs (=£112,500) a year. Even this figure will be a liberal provision when the actuals of the years upto 1924-25 (making allowances for the addition for salaries) are kept in mind.

Meanwhile we consider that the present expensive system whereby stores purchased are sent to the depot at Lambeth and are unpacked, examined and repacked there needs an overhaul in the light of the facilities for testing etc. now available in India. The disposal of the wharf and the depot should also be considered in that connection.

(v) *Summary of savings*.—About 7½ lakhs in 1932-33 and about 12½ lakhs when the reorganisation is completed. We shall take the former figure into our calculation of the immediate reduction of expenditure in the High Commissioner's Office.

(d) Trade Department.

(i) This department was set up during the war and though its expenditure appeared in the Secretary of State's grant, it had a separate office. It is now a branch of the High Commissioner's office in charge of the Indian Trade Commissioner and its work consists of (i) commercial "intelligence", (ii) work on Committees, and (iii) publicity. An exhibition hall and a commercial samples room are maintained. It also controls the work of the Indian Trade Commissioner at Hamburg and will control the work of the other Trade Commissioners when these offices are established. In this connection our remarks in Chapter IX, paragraph 6 (vii), may be seen.

(ii) The following are some of the important details regarding the organisation of this department. The superior administrative officers are a Trade Commissioner and a Deputy Trade Commissioner. The other officers are a Timber Adviser (largely for the sale of timbers from the Andamans) a Mineral Adviser (part-time), a Publicity Officer, an Executive Officer and a Curator. A retired officer of the Indian Forest Service is on special duty connected with the shellac enquiry and besides his pension, gets £500. This cadre of officers costs a little under £6,000. The clerical staff costs a little over £1,400 and the provision for participation in fairs and exhibitions, including the British Industries and the Milan fairs, is £2,600. Travelling allowances and publicity work cost nearly £1,000. Total about £11,000.

The Hamburg Office costs £4,300 including £1,750 for the Trade Commissioner's pay and allowances and £850 for the pay of the staff.

(iii) The expenditure on the Trade Department has grown as below :—

1913-14.	1919-20.	1920-21.	1921-22.	1922-23.	1923-24.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
£	£	£	£	£	£	£	£	£	£	£	£	£	£
4,564	6,481	8,329	9,158	9,898	4,117	2,425	2,475	4,196	6,114	9,676	9,903	12,300	14,300

It will be seen that the expenditure was materially reduced in 1923-24 and 1924-25 but has since been growing apace, and now stands at a figure over 50 per cent. higher than in any previous year up to 1929-30.

(iv) In response to the call for a ten per cent. (temporary) cut the High Commissioner offered to reduce his allotment by £300, viz., £150 under pay and £150 under other expenses.

The following items have been suggested as offering a possible field for economy :—

- (i) Posts of Deputy Trade Commissioner and of the Publicity Officer,
- (ii) Some clerical posts,
- (iii) expenditure on fairs and exhibitions.

(v) Our proposals :—

- (a) We have considered the question whether the Deputy Trade Commissioner's post need be maintained. We observe that an Indian member of the Indian Civil Service is holding it. If, as we presume, selection for the post of the Indian Trade Commissioner is to be made from the cadre of Indian Trade Commissioners, the post of the Deputy Trade Commissioner, London, might be abolished for the present. It might in that case be possible to send the present incumbent to Milan if he possessed the necessary qualifications, and there would be a saving of about £1,200. But, if our presumption is not correct, the abolition of the post would affect adversely the prospect of an Indian succeeding the present incumbent in the Trade Commissioner's post, and we would not recommend the abolition. For the present we presume that the saving can be effected without taking the risk mentioned above. We shall not, however, assume that this officer will go to Milan, when that office is opened.
- (b) We have reason to believe that at present the Timber Adviser is not in a position to do very much to advance the interests of the Indian, especially Andamans, timbers. The sanction for this post expires at the end of the current financial year. We recommend that the appointment should not be renewed when its present term expires. The saving will be £800.
- (c) The Mineral Adviser, a retired officer of the Geological Survey of India, gets £2 a day when in attendance. Considering the trade depression in minerals we think a saving of about half the provision of £425 should not be difficult. We are disposed to think that it might be feasible to engage the officer on the basis of a yearly honorarium so as to effect a permanent saving of about £200.
- (d) We further think that the shellac enquiry should be held in abeyance for the present. The non-renewal of the provision for the special officer's pay will yield a saving of £500.
- (e) Since there is an Assistant Publicity Officer, we think that the Publicity Officer's post might be reduced, provided that the Assistant is fit for, and could be given, duties other than merely clerical. This will yield a saving of nearly £600.
- (f) Our specific proposals would yield savings of nearly £3,300. Adding savings on the pay of the clerical staff, a proportion of which would automatically have to be reduced and on the provision of £2,600 for fairs and exhibitions we estimate that a total saving of about £4,500 on the London Office is feasible. We think, the Hamburg office must continue to be maintained, but even there a saving of about £500 out of the provisions of £850 for the non-superior staff, £300 for T.A., £450 for contingencies and £650 for publicity (mainly the Leipzig fair) is not impracticable.
- (g) *Summary of savings.*—The Trade Department budget should be reduced by £5,000. Considering that the 1931-32 provision for the Hamburg office is £4,300 and that the pay of the officer selected for the trade commissionership at Milan will be less than the

pay of the Trade Commissioner at Hamburg and that Milan is a cheaper place than Hamburg, we consider that the extra expenditure on account of the opening of the Milan office will be about 40 lakh. This will have to be set off against the savings proposed by us when the Milan Office is opened.

(10) *Summary of total savings.*—

8·00 lakhs in grant No. 86—Secretary of State.

10·78 lakhs in grant No. 87—High Commissioner.

18·78 Total.

When the Stores Department, London, is re-organised on the lines indicated by us, there will be an additional saving of 5 lakhs.

CHAPTER XX.

ECCLESIASTICAL (32·43 Lakhs).

(1) *Explanation of the grant.*—The expenditure on “Ecclesiastical” amounts to Rs. 32·46 lakhs and the whole of it is non-voted and is charged to civil estimates. Besides, an expenditure of about ·25 is incurred under “works” in provinces and areas other than the U. P. and the Punjab. The cost of ecclesiastical pensions and superannuation allowances cannot be ascertained easily, but it is additional expenditure on account of “ecclesiastical.”

The denominations for whose benefit it is incurred are the Church of England in India (now called the Indian Church), the Church of Scotland and the Church of Rome.

The budget may be set out as follows :—

(a) For the whole of India except the Minor Administrations, etc. :—	
(i) Church of England ecclesiastical establishments	17·89
(ii) Church of Scotland ecclesiastical establishments	1·38
(iii) Church of Rome ecclesiastical establishments	·36
(iv) Cemetery establishments	1·12
(v) Miscellaneous ecclesiastical charges	·26
(vi) Works (i.e., works in the U. P. and the Punjab)	·70
(vii) Leave and deputation salaries in Great Britain	4·00
(viii) Other expenditure in Great Britain	4·46
	30·17
(b) For the Minor Administrations, agencies, etc. :—	
(i) N. W. F. Province :—	·86
(i) Church of England (Rs. 78,700), Church of Scotland (Rs. 1,400) and Church of Rome (Rs. 1,000).	
(ii) Cemetery establishments (Rs. 4,900).	
(ii) Baluchistan :—	·33
(i) Church of England (27,600), Church of Scotland (1,000) = 28,600.	
(ii) Cemetery establishment (3,800) and other charges (800) = 4,400.	
(iii) Delhi :—	·22
Officers (16,000), Establishments (300), Grants-in-aid (400), Other charges (6,900); <i>minus</i> Recoveries (1,200) = Net 22,400.	
(iv) Ajmer-Merwara :—	·16
Officers (11,000), Establishment (1,000), Other charges (3,000) and Cemetery establishments (1,000).	
(v) Rajputana :—	·02
Pay of establishment (400), Other charges (2,000). Total 2,400.	
(vi) Central India :—	·20
Church of England (Rs. 26,500), Other churches (400), Cemetery (1,800). Total 28,700.	
(vii) Hyderabad :—	·38
Church of England (29,400), Church of Scotland (5,200) and Cemetery (2,900).	
(viii) Western India States Agency, Rajkot :—	
Church of England, (Rs. 1,028), Cemetery (Rs. 1,972)	·03
	32·46

(2) *Reasons for the expenditure.*—The obligation to provide religious services for British troops is imposed by the King's Regulations (paragraphs 140 and 1526-35) for the army. This and the practice—dating from the time of the East India Company—of providing, within reasonable limits, religious ministrations for the European, mainly British born, servants of the Crown in India are alleged to be the main reasons for the expenditure on ecclesiastical. In fact, we understand that a portion of the expenditure is incurred for the sake of the British troops in India. In this connection we invite attention to the remarks in paragraph 15 of Chapter I of this part of our Report and to the appendix to this Chapter in which we have reproduced (i) an extract from the evidence which Mr. Woodhead (Commerce Secretary) gave before the Public Accounts Committee on 3rd July 1930 and (ii) the memorandum furnished by the Commerce Department to that Committee with reference to paragraph 91 of its proceedings on the accounts of 1928-29.

(3) *Growth of expenditure.*—In 1913-14 the actual expenditure was 19·15 lakhs and it rose to 31·29 lakhs in 1924-25 and 31·76 lakhs in 1925-26. The increase was almost entirely due to the revision of pay and allowances and the inclusion of leave allowances not previously shown under this heading; there was no increase in the number of chaplains employed. In paragraph 5 we have given a resumé of the action taken since 1922 to reduce the expenditure. In fact, however, the 1931-32 provision is 1·14 lakhs in excess of the actual expenditure of 1924-25.

(4) *Inchcape Committee's proposals.*—The Inchcape Committee dealt with this expenditure somewhat briefly. It noted that five chaplaincies had been abolished and proposed that sixteen more which were expected to fall vacant should remain unfilled. It estimated that by such action and by effecting minor economies the expenditure (budget estimate for 1922-23 being 33·83 lakhs) would be reduced by two lakhs. One member of that Committee—the Honourable Mr. (now Sir) Purshotamdas Thakurdas—in his supplementary note traced the history of the question and proposed that the number of chaplaincies should be reduced from 166 to 100 in place of the 145 proposed by the Inchcape Committee. His proposal was based on his view that they should be confined to purely military stations and he estimated that his proposal would yield a saving of a little over 11 lakhs. He also thought that except on the frontiers or outside India it was unnecessary to incur any expenditure on the maintenance of Indian religious teachers for Indian Units of the army.

(5) *Recent measures for reduction of expenditure.*—The Commerce Department has explained that since 1922 the number of appointments has been reduced from 166 to 138 by the substitution of a system of grants-in-aid.

Under this system grants amounting to Rs. 1,53,600 are paid, viz., at Rs. 500 per mensem for twenty-two and at Rs. 300 per mensem for six of the twenty-eight appointments by which the number has been reduced. The grants cover (i) all charges on account of the pay, travelling and other allowances, passages and pension or provident fund of the clergymen who are appointed to perform the duties of the official chaplains and (ii) postage and other contingencies. The department has added that (i) this system has resulted in a saving of 4·30 lakhs, and (ii) that under another agreement made with the Metropolitan in 1926 a composition grant of two lakhs is payable to him for the entertainment of clergymen of the "Additional Clergy Society" and other societies at stations where official chaplains are to be posted but are not temporarily available or where, owing to the number and nature of the Church of England congregation, Government have agreed to assist towards the provision of a clergyman's services. Both the agreements are due to expire on 1st April 1932.

The Department has also explained that at the time of the dissolution of the Church of England and the Church of England in India (now called the Indian Church) an agreement was arrived at with the Indian Church, which is expected, eventually, to result in a saving of .74 lakh.

(6) *Savings offered.*—So far as the Church of England establishments are concerned, the proposals of the Commerce Department are :—

	Lakhs.
(a) Reduction of 10 posts of Chaplains, saving	1.51
(b) Adjustment of the grants-in-aid, net . . . .	.12
(c) Net saving in the composition grant . . . .	.26
Total	<u>1.89</u>

Of this amount the Department expects to realise about half in 1932-33 and the remainder in the next year or two.

(7) *Our proposals.*—The Sub-Committee is unanimously of the view that the maintenance of the ecclesiastical establishments by the Government of India is inconsistent with the accepted and avowed policy of religious neutrality and non-discrimination in favour of any creed. In this connection attention is invited to paragraph 15 of Chapter I.

(8) On this Sub-Committee's proposals, the savings under "Ecclesiastical" will be 31.11 lakhs and something under works in the provinces and areas other than the United Provinces and the Punjab. A precise estimate of the savings under the head 'Civil Works' cannot be given.

APPENDIX.

EXTRACT FROM THE PROCEEDINGS OF THE PUBLIC ACCOUNTS COMMITTEE,
DATED 3RD JULY 1930.

Mr. Woodhead.—Ecclesiastical expenditure in connection with the Army is spread over several budget heads. Speaking generally, the position is as follows. Church of England expenditure in connection with the Army is debited entirely to the Civil Estimates under 28—Ecclesiastical, 41—Civil Works and Superannuation Allowances and Pensions. The pay of Chaplains of the Church of Scotland on duty with Scottish regiments is debited to the Army Estimates. So also is their leave pay provided the leave is sanctioned by the military authorities. Expenditure on Civil Works in connection with Scottish Churches, whether Military or Civil, is debited to 41—Civil Works and pension charges are shown under “Superannuation Allowances and Pensions” in the Civil Estimates. As regards the Church of Rome allowances to chaplains are already debited to the Army Estimates, but expenditure on the fabric of churches is debited to Civil Estimates under 41—Civil Works. Cemeteries are usually used jointly for military and civil burials and expenditure is charged to the Civil Estimates, expenditure on Establishment to 28—Ecclesiastical and that on Civil Works to 41—Civil Works. My own provisional view—this is my personal view as the matter has not been examined by other Departments—is that it would be practically impossible to apportion the expenditure, item by item, between “Military” and “Civil”. Military chaplains minister to the civilian population (European British-born Government servants) as well as to troops and also, though not perhaps to the same extent, the civilian chaplains minister to troops. The cemeteries, as I said, are usually joint and the churches are in many cases used both by army and civil personnel. It would be practically impossible unless there was an army chaplains’ service with separate garrison churches to apportion accurately the expenditure between the army and the civil.

Maulvi Abdul Matin Chaudhury.—Is it consistent with the policy of religious neutrality of Government ?

Mr. Woodhead.—That is a question of principle and I would not like to express an opinion on it.

Mr. Woodhead.—My own view is that an accurate separation is impossible but the matter has not as yet been examined by the Army and Finance Departments. I have carefully examined the whole expenditure with regard to the present classification and my own provisional conclusion is that so long as the present system of administration continues it would be impossible to make an absolutely clean cut between the military and the civil expenditure.

Mr. Woodhead.—The total of the 28—Ecclesiastical budget is somewhere about Rs. 33 lakhs. It might be possible to make an approximate apportionment of the expenditure on the pay of chaplains because the number of military chaplains is definitely fixed. It might be possible to make some adjustment of this kind.

Chairman.—The position really is that an accurate allocation is impossible. The question for our consideration is whether it is desirable that there should be an approximate allocation.

Mr. Dass.—Would you like part of the estimates charged to the civil head being charged to Army head ?

Chairman.—My provisional view is that these long established practices might well be allowed to remain. I do not see any particular reason for altering the practice in this case for every one knows what the position is. It is difficult to make an accurate allocation. No practical result would be achieved.

From the point of view of the Assembly control there would be no advantage gained. I think we might take note of the position and record the view that apparently an accurate allocation is impossible but that an approximate allocation would be possible and that we desire that a further report should be submitted next year on the subject. I think this is about all that we can say at present.

MEMORANDUM REGARDING ALLOCATION OF ECCLESIASTICAL EXPENDITURE BETWEEN THE CIVIL AND THE ARMY DEPARTMENTS, FURNISHED BY THE COMMERCE DEPARTMENT WITH REFERENCE TO PARAGRAPH 91 OF THE PROCEEDINGS OF THE PUBLIC ACCOUNTS COMMITTEE ON THE ACCOUNTS OF 1928-29.

The Public Accounts Committee at their meeting of 3rd July 1930 accepted the view expressed by the Commerce Department that an accurate allocation of the ecclesiastical expenditure between the Army and the Civil estimates is not possible. But they thought that an approximate allocation would be possible and asked that a further report might be made to them on the subject. The question has now been carefully considered by the Commerce Department in consultation with the Army and the Finance Departments and the conclusion arrived at is that even an approximate allocation would be a matter of considerable difficulty. The civil and military aspects of the subject are in most areas so intermixed that an apportionment of the expenditure could only be made in the most arbitrary way. Even to make an arbitrary allocation of this kind, it would be necessary to investigate in considerable detail the circumstances which exist in each of the large number of stations where ecclesiastical ministrations, churches and cemeteries are provided for populations which are partly military and partly civil. An examination of this nature would naturally take a considerable time. It should moreover be remembered that by the time the examination is completed it may probably be of little or no practical value for the following reason. The impending constitutional changes may necessitate a complete review of the administration of this subject particularly in its relation to Army matters and a careful consideration of the exact position which it should occupy in the new system. It is impossible to say at the present moment what the results of such a review will be, but it may lead to such a change in the administration of the subject as will render entirely nugatory the approximate and arbitrary apportionment of expenditure based on the existing system. For these reasons it is urged that at the present juncture it is not worth while to embark on the difficult task of apportionment between the civil and military budgets of the present scale of ecclesiastical expenditure.

CHAPTER XXI.

CERTAIN MATTERS RELATING TO PART I OF OUR INTERIM REPORT.

(1) *Explanation.*—In this Chapter we propose to deal with various matters relating to, or arising out of, Part I of our Interim Report. In this connection we invite attention to our remarks in paragraph 4 (v) of Chapter IV, paragraph (v) of Chapter X and paragraph 5 (iii) of Chapter XI of Part I. We requested the departments concerned to work out schemes relating to the Forest, Survey of India and Meteorology grants and send them to us for our consideration in connection with our final report. Although this part of our Report is not final, we propose to dispose of the schemes provisionally worked out by the departments concerned. Further, we wish to offer an explanation in regard to our estimates of savings from our proposals relating to certain grants. Our colleague Mr. J. Ramsay-Scott also wishes to add a note in regard to our proposals relating to Grant No. 50—Geological Survey and Grant No. 63—Aviation. (*Vide* Chapters XII and XXII of Part I of our Report.)

A.—FOREST.

(2) *Schemes under consideration.*—As regards the retrenchment proposed by us in grant No. 21—Forest, it appears that Government have had four possible schemes under their consideration. The following table shows in a summary form the main features and the cost (in lakhs) of each scheme :—

	1931-32 provision.	Schemes.			
		I.	II.	III.	IV.
Direction . . . . .	.64	.75	1.30	1.30	1.30
Silviculture	1.00	.60	.60	.67	.80
Botanical . . . . .	.93	.50	.50	.63	.65
Economic	5.05	1.60	1.75	2.20	3.20
Entomological	1.00	.55	.70	.70	.90
Chemical . . . . .	.43	..	..	..	.35
Total	9.85	4.00	4.85	5.50	7.20
Colleges	1.45	.80	.80	.80	.80
GRAND TOTAL	11.30	4.80	5.65	6.30	8.00

Mr. Nixon who supplied the above-quoted figures to us was asked by the Department of E., H. and L. to explain the position to us. The Department's scheme No. I provides nothing for a Head of the Institute. In the memorandum* on the action taken or proposed by Government on the first part of our Interim Report it is stated that "the conclusion, however, so far arrived at by Government is that within the limits of this sum (*i.e.*, 4 lakhs), it would not be possible to maintain an efficient or economical organisation and that such a reduction would, in fact, mean the destruction of the present

*This was supplied to the Legislature in connection with the November 1931 Session.

organisation". The department's view about schemes Nos. II and III was that neither of them was suitable and that both stood condemned by the Inspector-General and also by the department. The Inspector-General of Forests worked out a scheme costing 8 lakhs a year and added that any scheme costing less than that amount would necessarily involve a definite abandonment of some work and the reversion of some I. F. S. officers to their provinces. With reference to this scheme the memorandum mentioned above observes that Government "are therefore at present forced to consider the Inspector-General of Forests' scheme, under which the total expenditure on the Institute, the restricted functions of the Inspector-General (who is also head of the Institute) and the Rangers' College (including provision for completing the training of the two students of the Officers' College) could and should be restricted to Rs. 8 lakhs, a reduction of Rs. 3.3 lakhs or nearly 30 per cent. of the current year's grant".

(3) *Sir Chunilal V. Mehta's evidence.*—We took opportunity of the unexpected visit of Sir Chunilal V. Mehta, K.C.S.I., to Delhi to examine him and take his advice on this question, especially as he was Chairman of the Forestry Committee which enquired into the affairs of the Research Institute in 1929.

(4) *Our proposals.*—Having considered the entire position in the light of the facts before us, we have come to the following conclusions:—

(I) Since scientific research at the Institute has got ahead of the practical application of research, those sections which are entirely or largely devoted to research as such should be slowed down and those which are charged with the application, particularly the commercial application, of the results of research should be developed. The following are specific instances:—

(i) Work in the Timber Testing Section should now be slowed down. The present Timber Testing Expert is expensive and his post should be retrenched. (*Vide* sub-paragraph *v* below.)

(ii) As regards silvicultural work, the proper function of the Dehra Dun Institute is examination, collation and co-ordination of the work done in the provinces. Hence, if the provinces are not carrying on silvicultural work as intensely as the Central Research Institute has been doing, this activity should be slowed down.

(iii) The Minor Forest Products Section should be maintained. If considerations of economy require it, it might be placed in charge of the Chemist. It can be made quite useful to the country, particularly from the point of the small firms, which cannot afford to employ special staff for their enquiries.

(iv) The Chemical section, where valuable work is being done, should be continued.

(v) Seasoning and timber testing should be placed in charge of one officer. As an alternative, timber testing might be placed in charge of the Wood Technologist, who, it is understood, received special training in this class of work in America in 1929. Such an arrangement would be conducive to economy and work efficiently. The I. G. Forests' scheme proposes to retain the present Timber Testing Expert whose pay is Rs. 2,000 per mensem. This post is not now necessary and should be abolished; in fact, work in this section should now be slowed down. In this connection sub-paragraph (i) above may be seen.

(vi) Since the feasibility of converting bamboo into paper pulp has been established, work which can usefully be done by a research institute can be claimed to have been finished. Hence, it is not worth while running the experimental paper making plant at the Institute any more for the sake of bamboo pulp. The officer might be put on the conversion of various grasses into paper pulp, since such work has not been sufficiently developed.

(vii) What is generally known as the cabinet making section can and should be subjected to retrenchment more than the other sections. As contemplated in the Inspector-General's scheme one gazetted post in this section should be abolished.

(II) We adhere to the opinion already expressed by us that the post of Inspector General of Forests in the strict sense (*i.e.*, an officer to carry out inspections and advise the Government of India on forest problems) is not necessary. In the interests of economy it should be abolished. We note that the I. G. is also President of the Institute and we agree that it will be necessary to retain an officer to take charge of the Institute as a whole, *i.e.*, the research sections as well as the Colleges. We do not contemplate that this officer would never be called upon to advise the Government of India on specific technical problems relating to forests. But our point is that he need not function as an inspecting officer, or have anything to do directly with the provinces. The theory underlying the departmental view embodied in the remark "Forest conservation and forest management are an all-India interest" is not in accordance with the present constitution under which Forests are a provincial—in some provinces, a provincial transferred—subject. The case for the retention of the I. G.'s post as made out in the memorandum on the action taken or proposed by Government on our Interim Report strikes us as not being cogent.

Incidentally, we would mention that the President or the Director of the Institute, whatever be the designation that is finally adopted, need not be paid on the present scale for the Inspector General.

(III) In modification of the opinion expressed in the first part of our Interim Report we recommend that the I. F. S. College, which has only recently been established, should continue to be maintained. But, it should be possible to manage it more economically than in the past. The duties of Principal should be discharged by the head of the Institute whether he be designated President or Director.

(IV) For the Indian Sandhurst, the Chandbagh buildings would still be available.

(5) *Cost of scheme.*—We consider that it is feasible, by various adjustments, to reduce the expenditure on the Research Institute and the Colleges to about six lakhs without seriously curtailing their activities or the scope of their utility.

We indicate below how we would apportion this amount among the various sections :—

Direction	75
Silviculture	60
Botany	50
Economy	2-20
Entomology	55
Chemistry	35

Total for the Forest Research Institute	4-95
Colleges	1-05

GRAND TOTAL 6-00 lakhs.

B.—SURVEY OF INDIA.

The scheme that we have received is not sufficiently detailed to justify us in modifying the conclusions already reached by us in Part I of our Interim Report. We presume that we shall receive a proper scheme in due course and we shall add our comments in Part III of our Report.

We may also note that item (f) on page 25 of Part I of our Report should read "Observatories at Dehra Dun costing Rs. 34,000."

C.—METEOROLOGY.

We have examined the Industries and Labour Department's proposals submitted to us, at our request, in regard to the restricted grant for the Meteorological Department and are satisfied with the proposals of the department.

D.—GEOLOGICAL SURVEY, MINES, THE INDIAN SCHOOL OF MINES,
DHANBAD, ETC.

As regards our estimates of savings from the proposals (in Part I of our Interim Report) relating to the Geological Survey, Mines, the Dhanbad School of Mines and possibly some other grants, we wish to make it clear that our proposals were based on certain assumptions, for example, revised scales of pay, of which we decided at a later stage to defer consideration. Those estimates were therefore to some extent in excess of the savings which in fact will accrue from our specific proposals. To the extent that a revision of our estimates is necessitated by the fact that the assumptions at first made by us are not applicable, we have no objection to our estimates being reduced.

ABDUR RAHIM.

RAM SARAN DAS.

S. C. MITRA.

M. SHAH NAWAZ.

HAR BILAS SARDA.

J. RAMSAY-SCOTT.

H. M. WILAYATULLAH.

J. C. NIXON.*

New Delhi;

21st December 1931.

S. P. SHAH,

Secretary.

* I sign this Report as a token of its representing the views of the majority of the Sub-Committee. There are many propositions in it to which I cannot personally subscribe.

21st December 1931.

J. C. NIXON.

MR. J. RAMSAY-SCOTT'S NOTE (REF. PARA. 1 OF CHAPTER XXI.)

(i) *Mining Industry.*

Since the issue of Part I of the General Purposes Sub-Committee's Report, I have made further investigations into the question of royalties and I am now of the opinion that there is every reason to recommend that they should be reduced rather than enhanced.

(a) *Petroleum.*

Of the 30 Oil Companies started in India and Burma about 25 are now defunct and only 4 or 5 are paying dividends. The speculative nature of such venture is proved by the many crores which have been lost and the large sums which have to be spent annually in prospecting for new fields. The royalty is only 6 annas or 5 per cent., whichever is greater, per barrel, but I am informed on very good authority that each barrel produced pays no less than Rs. 11-12-1 to the revenues of the State. That royalties are high in India is proved by the figures paid in other countries which are as follows :—

Country.	Royalty per ton.	
	Rs.	a. p.
India and Burma	3	0 0
Canada		Nil
Australia		Nil
New Zealand		Nil
Trinidad	1	5 8
America		Nil
Mexico	15 annas	to 1-10-0.
Dutch East Indies	1	5 8
Dutch Borneo	0	9 0
Hungary		Nil
Roumania	1	10 0
Venezuela	1	2 0

Roumania faced with a problem like our own decided after mature examination that it was too dangerous to increase this tax.

(b) *Base metal industry.*

Fe mines today are working at a profit and in many cases the return which Government receives in royalties, etc., is considerably more than the return which the shareholder receives on his money and in most cases of loss, the greatest part of such losses due to having to pay these royalties, etc., to Government, which are a first charge.

(ii) *Air Mail.*

I find that our recommendations will entail on Burma a great hardship and if Burma were allowed to use the existing air lines, it would mean a saving of 9 days in between London and Rangoon.

I feel that in our view sufficient attention was not paid to the needs of Burma nor to the possibility of an Indian air line wishing to operate beyond the boundaries of India and Burma.

Our recommendations in Part I have been the means of the Delhi Flying Club taking over the Delhi—Karachi service and I hope to see further extensions.

21st December 1931.

J. RAMSAY-SCOTT.

REPORT
OF THE
GENERAL PURPOSES SUB-COMMITTEE
OF THE
RETRENCHMENT ADVISORY COMMITTEE

JUNE 1932

PART III

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PART III



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 N. M. Roy Chowdhury & Co., 11, College Sq., Calcutta.
 B. C. Basak, Esq., Proprietor, Albert Library, Dacca.
 Higginbotham, Madras.
 Robinson & Sons, Madras.
 G. A. Nateson & Co., Publishers, George Town, Madras.
 P. Varadachary & Co., Madras.
 City Book Co., Madras.
 Law Publishing Co., Mysapore, Madras.
 The Booklover's Resort, Takkad, Trivandrum, South India.
 E. M. Gopalakrishna Kona, Pudukmandapam, Madras.
 Central Book Depot, Madras.
 Vijapur & Co., Vlasgamatam.
 Thacker & Co., Ltd., Bombay.
 D. B. Taraporevala, Sons & Co., Bombay.
 Ram Chandra Govind & Sons, Kalbadevi Road, Bombay.
 N. M. Tripathi & Co., Booksellers, Princess Street, Kalbadevi Road, Bombay.
 New and Secondhand Bookshop, Kalbadevi Road, Bombay.
 J. M. Pandia & Co., Bombay.
 A. H. Wheeler & Co., Allahabad, Calcutta and Bombay.
 Bombay Book Depot, Girgaon, Bombay.
 Bennett, Coleman & Co., Ltd., The Times of India Press, Bombay.
 The Popular Book Depot, Bombay.
 The Manager, Oriental Book Supplying Agency, 15, Shukrawar, Poona City.
 Rama Krishna Bros., Opposite Viahrambag, Poona City.
 S. P. Bookstall, 21, Budhwar, Poona.
 Mangaldas & Sons, Booksellers and Publishers, Bhaga Talao, Surat.
 The Standard Book and Stationery Co., 22-33, Arboù Road, Peshawar.
 The Students Own Book Depot, Dharwar.
 Shri Shankar Karnataka Postaka Bhandara, Malamuddi Dharwar.
 The Standard Bookstall, Karachi, Quetta, Delhi, Murree and Rawalpindi.

Frontier Book & Stationery Co., Rawalpindi.
 *Hoseembhoy Karimji & Sons, Karachi.
 The English Bookstall, Karachi.
 Rose & Co., Karachi.
 The Standard Bookstall, Quetta.
 U. P. Malhotra & Co., Quetta.
 J. Ray & Sons, 43, K. & L, Edwardes Road, Rawalpindi, Murree and Lahore.
 The Standard Book Depot, Lahore, Nainital, Mussoorie, Dalhousie, Ambala Cantonment and Delhi.
 The North India Christian Tract and Book Society, 18, Clive Road, Allahabad.
 Ram Narain Lal, Katra, Allahabad.
 "The Leader", Allahabad.
 The Indian Army Book Depot, Dayalbagh, Agra.
 The English Book Depot, Taj Road, Agra.
 Gaya Prasad & Sons, Agra.
 Narain & Co., Weston Road, Cawnpore.
 The Indian Army Book Depot, Jullundur City, Daryaganj, Delhi.
 Manager, Newal Kishore Press, Lucknow.
 The Upper India Publishing House, Ltd., Literature Palace, Ammuddala Park, Lucknow.
 Rai Sahib M. Gulab Singh & Sons, Mussi-Lam Press, Lahore and Allahabad.
 Rama Krishna & Sons, Bookellers, Anarkali, Lahore.
 Students Popular Depot, Anarkali, Lahore.
 The Standard Bookstall, Lahore.
 The Proprietor, Punjab Sanskrit Book Depot, Said-mitha Street, Lahore.
 The Insurance Publicity Co., Ltd., Lahore.
 The Punjab Religious Book Society, Lahore.
 The Commercial Book Co., Lahore.
 The University Book Agency, Kaohari Road, Lahore.
 Manager of the Imperial Book Depot, 62, Chandni Chowk Street, Delhi.
 J. M. Jaine & Bros., Delhi.
 Fono Book Agency, New Delhi and Simla.
 Oxford Book and Stationery Company, Delhi, Lahore, Simla, Meerut and Calcutta.
 Supdt., American Baptist Mission Press, Rangoon.
 Burma Book Club, Ltd., Rangoon.
 S. C. T. Jukdar, Proprietor, Students & Co., Cooch Behar.
 The Manager, The Indian Book Shop, Benares City.
 Nan-ikishore & Bros., Chowk, Benares City.
 The Srivillipattur Co-operative Trading Union, Ltd., Srivillipattur (S. I. R.).
 Raghunath Prasad & Sons, Patna City.
 The Students' Emporium, Patna.
 K. L. Mathur & Bros., Quari, Patna City.
 Kamala Book Stores, Bankipore, Patna.
 G. Banerjee & Bros., Ranchi.
 M. C. Kothari, Raipura Road, Baroda.
 B. Parikh & Co., Baroda.
 The Hyderabad Book Depot, Chadorghat, Hyderabad (Deccan).
 S. Krishnaaswamy & Co., Toppakulam P. O., Erode, Cooray Fort.
 Karnataka Publishing House, Bangalore City.
 Bheema Sons, Fort, Bangalore City.
 Superintendent, Bangalore Press, Lake View, Mysore Road, Bangalore City.

AGENT IN PALESTINE:—Steinmetzky, Jerusalem.
 * Agent for publications on aviation only.

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CONSTITUTIONS AND TERMS OF REFERENCE OF THE SUB-COMMITTEE.

The General Purposes Sub-Committee was charged with—

- (i) the review of all central expenditure except that on the Army, the Posts and Telegraphs Department, the Railways, Civil Works, Audit and Accounts, Stationery and Printing and the Indian Stores Department. (Other Sub-Committees were set up for the purpose of reviewing the public expenditure on these excepted items.)
- (ii) consideration of, and co-ordination of, the proposals made by the other Sub-Committee relating to the pay and allowances of Government servants.

Constitution.—The Sub-Committee was constituted as below :—

- (1) Sir ABDUR RAHIM, K.C.S.I., Kt., M.L.A. (Chairman).
- (2) The Hon'ble Rai Bahadur Lala RAM SARAN DAS, C.I.E., *Member.*
- (3) Mr. RANGASWAMY AYANGAR, "
- (4) Mr. S. C. MITRA, M.L.A., "
- (5) Mian MUHAMMAD SHAH NAWAZ, C.I.E., M.L.A., "
- (6) Mr. K. C. ROY, * C.I.E., M.L.A., "
- (7) Diwan Bahadur HAR BILAS SARDA, M.L.A., "
- (8) Mr. J. RAMSAY SCOTT, M.L.A., ,
- (9) Khan Bahadur Hafiz WILAYAT ULLAH, I.S.O., M.L.A., "
- (10) Mr. J. C. NIXON, I.C.S. (representing the Finance Department), *Member.*

Mr. W. R. TENNANT, I.C.S. (up to 7th June 1931).
Mr. S. P. SHAH, I.C.S. } *Secretary.*

Reference—

“ To make recommendations to the Committee† for effecting forthwith or by stages all possible reductions in the public expenditure of the Government of India under review of the Sub-Committee, having regard especially to the present and prospective position of the revenue. In so far as questions of policy are concerned, these will be left for the exclusive consideration of the Government, but it will be open to the Sub-Committee to review the expenditure and to indicate the economies which can be effected if particular policies are either adopted, abandoned or modified.”

* Died on 7th September 1931.

†i.e., to the Retrenchment Advisory Committee.

CHAPTER I.

GENERAL OBSERVATIONS.

(1) *Introductory.*—In parts I and II of our Report we have dealt with all “central” expenditure under the purview of the General Purposes Sub-Committee with the exception of the expenditure under the control of the Foreign and Political Department (including that on the Foreign and Political Department of the Secretariat). In this part we deal with the latter and thus finish our enquiry into “specific retrenchment”.

The present enquiry has brought us face to face with some of India's most important problems. In order that the scope and effects of our proposals under this head may be properly realised, one must bear in mind the fact that the control and direction of both the internal and external affairs of India is vested in His Majesty's Government. India's internal affairs relate, *firstly*, to the administration of what is called ‘British India’ and, *secondly*, the carrying out of such obligations as arise out of treaties and engagements between the British Crown as the ‘paramount power’ and about 600 ‘Indian States’ ranging from States like Hyderabad, whose rulers enjoy sovereign rights of internal government in territories, which in area, population and revenues are larger than some independent European States, down to small ‘estates’ with rent rolls of a few thousands belonging to ‘rulers’ with extremely limited “jurisdiction” of their own. The direction of internal affairs of India in both these respects is exercised by the Secretary of State for India as a member of the British Cabinet. In dealing, however, with the subject of defence of India, including the control of the British troops in India and the Indian Army, the Secretary of State for India and the British War Office act in co-operation. As for the external affairs of India, the country has no independent foreign policy of its own. Such as it is, it forms part of the foreign policy of the British Government and is directed by the British Foreign Office. This is implicit in the justification, based on the trade interests of India, as put up by the Foreign and Political Department, for India bearing the whole or part of the expenditure on certain legations, political agencies, and consulates maintained in Asia.

The expenditure now reviewed may be analysed as below :—

- (a) Expenditure on the “Watch and Ward” of the north-western and the north-eastern and Burma frontiers. This expenditure is incurred not merely on establishments but also on buildings and communications.
- (b) Expenditure in the two frontier administrations, *viz.*, the North-West Frontier Province and Baluchistan other than that on the frontier watch and ward.
- (c) Expenditure in the minor administration of Ajmer-Merwara, which corresponds in certain respects to the North-West Frontier Province and Baluchistan, but has no frontier problem.

- (d) Expenditure on Residencies, Political Agencies, Consulates, Vice-Consulates, Trade Agencies, etc.
- (e) Expenditure on "administered areas," e.g., cantonments, "residency" or "agency" areas, civil stations, camps, railway lands situated within the territories of Indian States in which jurisdiction (but not sovereignty or ownership) has been surrendered by the States in question to the British Indian Government.
- (f) Expenditure on the Foreign and Political Department of the Secretariat.
- (g) Miscellaneous expenditure, e.g., subsidies, maintenance of refugees and State prisoners, grants-in-aid to educational and other institutions, maintenance of certain forces and formations, entertainment charges, works, etc.

Following our usual plan we shall deal with the entire expenditure under each distinct "grant". Thus, Political, Land Revenue, Forests, Excise, Education, Medical, Public Health and other similar heads will be dealt with under each distinct grant and not for India as a whole. In the case of Frontier Watch and Ward also we shall follow the same plan and deal with the Frontier Watch and Ward establishments in the North-West Frontier Province and Baluchistan along with the other grants relating to those two "minor administrations". On the other hand, expenditure on establishments on the Burma and Assam frontiers and on buildings and communications intended for frontier watch and ward in the North-West Frontier Province, Baluchistan, Burma and Assam will be dealt with under the non-voted grant "Frontier Watch and Ward".

In the case of Ecclesiastical, however, we have already disposed of the grants for India as a whole in Part II of our Report. We shall all the same make a brief reference to this fact under every grant which comprises an allotment for Ecclesiastical.

Coorg excluded.—The district of Coorg, which used to be one of the minor administrations, is now treated in certain respects as a "province" with a classification of its expenditure into "central" and "provincial." The major portion of its expenditure is "provincial" and not "central." There is in fact no "area" grant for Coorg at all. Since our task is to review "central" expenditure, and Coorg *per se* does not figure in the estimates of central expenditure, we have left it out of our purview.

(2) *Subject of Part III.*—Of all the civil departments of the Government of India the Foreign and Political Department controls the largest civil expenditure—6,52·76 lakhs—a fact perhaps little known to the general public. The operations of the department are still less known, partly because of their nature but still more so because of the peculiar constitution of the government of the country. This Department is in the portfolio of the Viceroy himself who is in no way answerable to the Legislature. Detailed estimates of the wholly "non-voted" expenditure controlled by this Department, which

*Vide Appendix II to Chapter I of Part II of our report. Posts and Telegraphs Department expenditure being "commercial" is not taken into account for the purposes of this statement.

forms 70 per cent. of its total grant, are not supplied to the Legislature. Hence, such expenditure is excluded from the scrutiny of the Legislature.

The Foreign and Political Department, generally speaking, deals with two classes of subjects, though the exact line of demarcation is not easy to lay down. Unlike other departments of Government it is in charge of two Secretaries—the Foreign Secretary and the Political Secretary. The foreign side of the department conducts the relations of India with countries outside or on the border but includes also the North-West Frontier Province and Baluchistan. The political side administers the relations of the Indian States with the British Crown as the paramount power. So far as foreign relations properly speaking are concerned, India has no independent policy of her own. It is the British Foreign Office that controls and directs such policy, the Viceroy acting as their chief adviser and agent in India. But the political relations with the Indian States are controlled by the Secretary of State for India and the Viceroy. In either case the Executive Council is not likely to have the same effective voice in the policy or administration of the department, as in the case of other departments, though we understand that, as a matter of fact, the proposals of the department are placed before the Executive Council.

(3) *Expenditure and its growth.*—The following table shows how the expenditure has grown from 407·07 lakhs in the year preceding the Great War to 652·76 lakhs in 1931-32. The grants for 1931-32 have been classified into "voted" and "non-voted." The "excise" grant of 2·40 lakhs is for the payment of compensations to Indian States in respect of certain excise arrangements under which the States concerned do not get the duty on excisable articles consumed in their own territories.

—	Actual expenditure in			1931-32 Estimates.			Reductions recommended by us in :—	
	1913-14.	1921-22.	1924-25.	Voted.	Non-voted.	Total.	Skeleton scheme.	Final Report.
31—Foreign and Political Department	7·17	9·93	8·54	9·14	2·60	11·74	2·75	2·75
78—North-West Frontier Province	122·41	175·03	220·55	111·39	135·39	246·78	30·05	20·24
79—Baluchistan ..	53·17	60·36	71·57	31·27	48·07	79·34	10·24	10·25
81—Ajmer-Merwara	9·09	13·20	14·23	16·97	1·51	18·48	2·76	3·02
83—Rajputana ..	12·18	13·21	14·18	5·55	7·84	13·39	2·33	3·42
84—Central India ..	15·89	13·14	14·18	5·66	7·26	12·92	3·23	3·25
85—Hyderabad ..	6·57	5·36	5·33	3·19	6·71	9·90	1·09	1·61
Political (non-area) Frontier Watch and Ward (non-area) }	172·80	180·39	164·34	..	97·97	97·97	29·06	37·59
					128·85	128·85	48·55	48·55
Bangalore ..	6·06	10·50	22·66	..	14·16	14·16	..	..
Western India States Agency ..	..	..	13·85	..	16·83	16·83	3·25	3·25
Excise (Non-voted)	..	..	..	..	2·40	2·40	..	..
Total ..	405·34	481·12	549·43	183·17	469·59	652·76	133·31	133·93

(4) *Skeleton retrenchment scheme.*—In July 1931 we had issued questionnaires relating to each grant except Excise. Having studied the replies and other material, we examined the representatives of the Foreign and Political Department as soon as we found time after disposing of the first two parts of our report (*vide* Appendix I for a table showing our sittings). It was not possible to present a full-fledged report before we adjourned. We were assured that a skeleton scheme of retrenchment incorporating our proposals and remarks would enable Government to give effect, in the budget estimates for 1932-33,* to such reductions proposed by us as were accepted by Government. With this object we supplied, before Christmas 1931, a detailed summary with, in some important cases, brief reasons in support of our proposals. The reductions so proposed have been shown in the penultimate column of the table given in paragraph 3. We have only to add that except as regards expenditure on Frontier Watch and Ward our present Report does not differ in any material respect from the summary supplied by us in advance. A few changes there undoubtedly are but it will be seen from the figures given in the summary printed at pages 261-262 that not only the grand total, but in some cases even the totals for individual grants are, for practical purposes, the same as in the skeleton scheme.

(5) *Government action.*—In September 1931, the Hon'ble the Finance Member, while introducing the Supplementary Finance Bill, 1931, stressed the gravity of the financial situation. We have not been told, and have no reason to believe, that it has become appreciably less acute since or that there has been any considerable improvement in the economic condition of the country. The heavy burden of taxation imposed by the "certified" Supplementary Finance Bill, 1931, still remains. Yet we feel that actual reduction of expenditure on the activities reviewed by us in parts II and III (*i.e.*, the skeleton scheme supplied in advance) has slackened. We are compelled to conclude that either Government no longer consider retrenchment the acute necessity to the soundness of their financial position that it was before the "certification" of the Supplementary Finance Bill or that the view that, while scientific activities and beneficent departments can be subjected to substantial retrenchment, the so-called administrative departments and "essential" functions can only be scraped for minor economies, has been influencing Government's decisions to an undue extent since the presentation of the first part of our report. In this connection we invite attention to the following table which needs no comment :—

1931-32 budget provisions.			Reductions recommended by us.	Reductions accepted by Government.	Percentage of column 3 to column 2.	
			1	2	3	4
Part I	..	..	321·77	121·21	104·00	86
Part II	..	..	791·73	168·32	86·00	51
Part III*	..	..	6,52·76	133·31*	72·00	54
Total	..	..	17,66·26	422·84	262·00	62

*The reference here is to the Skeleton Scheme and not to our Final Report.

The reductions of 86·00 and 72·00 effected by Government on the activities reviewed in parts II and III of our Report include the retrenchment of beneficial services, like Education, which Government have seen fit to carry out on their own initiative and responsibility and, generally speaking, against our clear advice. We confess that a premonition of the line that Government intended to take with regard to the activities which have since been reviewed by us in parts II and III was furnished to us in the Hon'ble Finance Member's speech introducing the Supplementary Finance Bill, 1931. He then said that his estimate of reduction of expenditure was limited to 90 lakhs net (including the automatic reduction of 23½ lakhs on census). Our own review has shown that there is scope for a reduction of expenditure by a little under 3 crores. The fact that Government themselves have already been able to give effect to a reduction of 158 lakhs shows that the figure of 90 lakhs was a considerable under-estimate.

(6) *Attitude towards beneficent activities, Education and Scientific Departments.*—As this is our final report on the subjects committed to us, we take this opportunity to observe that some serious misrepresentations have been made with respect to the trend of some of our proposals in the first and second parts of our Report in connection with certain beneficent activities of the Government of India, more especially the expenditure on scientific departments and grants for educational purposes. If we had one object more prominently and consistently in view than another, it was to see that any expenditure on such activities was not curtailed so as to affect them injuriously—far from “kill them,” as was stated in the Assembly by one member of the Government. We had made this absolutely clear in the very forefront of our first report and all our recommendations in this connection were based on that principle. In the particular cases, where we felt justified in reducing expenditure of this class, it was solely because we were persuaded that there was room for economy by retrenching superfluous staff in order to obviate over-administration, which, as is well-known, interferes with the proper conduct of scientific research. We wish to refer here to paragraphs 9 and 10 of Chapter I of Part I of our Report, from which our position will be clearly understood. We must also point out that we had to resist continued pressure of the representative of the Finance Department on our Committee to curtail expenditure on the scientific and educational activities of the Central Government generally and to close down or suspend for a term of years some of the institutions concerned. But we regret to note that while this was the attitude of the representative of the Finance Department itself on the Committee towards these activities, some members of the Government including the Finance Member himself, the Chairman of the Main Retrenchment Committee, sought to discredit generally the work of the General Purposes Sub-Committee in the debates in the Legislative Assembly by presenting some of our proposals in a misleading and distorted light. We give in Appendix III brief extracts from the speeches made by some members of the Government pointing out the inaccuracies contained therein.

(7) (a) *Complexity of Political Expenditure.*—The grants reviewed in this part include the majority of “area” grants and thus present more detailed and complex problems than the normal type of grants (*viz.*, departmental) reviewed in the first and the second parts.

(i) *Review comprises "provinces"*.—In at least two cases, if not three (*viz.*, North-West Frontier Province, Baluchistan and Ajmer-Merwara) it can be argued that the expenditure reviewed is comparable to that incurred in the smaller of the major provinces. It not only comprises the principal heads of expenditure on subjects which are at present classified as "provincial", but also, in the case of the North-West Frontier Province and Baluchistan, important "central" heads as well; at least one "central" subject, *viz.*, Frontier Watch and Ward, is peculiar to these two minor administrations. Even in the case of Rajputana, Central India, Hyderabad, Bangalore and the Western India States Agency the pattern followed for purposes of grants and accounts is essentially the same as in the major provinces.

(ii) *Non-voted estimates not so dependable*.—Again, the grants for the maintenance of Political Agencies and Residencies are in certain respects rather difficult to handle. Their organisation tends to follow a general scheme, but the variations are both numerous and important. Although detailed estimates are prepared, the accuracy of the non-voted grants is not guaranteed in the same way as that of voted estimates which are placed before the Legislature in the form of "Demands for Grants". From the descriptions of the detailed units of appropriation it is not always possible to ascertain the precise direction or objective of the expenditure. Annual administration reports are not available. We acknowledge the very valuable assistance rendered by the Foreign and Political Department in the form of useful and often detailed information in reply to our numerous questionnaires. But in the nature of things it could not take the place of information available in publications on which any one could lay his hands at will, and from which one could, if necessary, quote in support of one's views and proposals.

(iii) *Authoritative detailed review of expenditure not available*.—We observe that Mr. Jukes' review disposes of the progress of expenditure controlled by the Foreign and Political Department in a few pages. Valuable in its own way, particularly for a broad grasp of political expenditure as a whole, it fails to give a detailed picture of the growth of expenditure on each political unit. Our report attempts to supplement Mr. Jukes' review in this respect and brings it up to date with the help of the detailed information supplied by the department or collected from other sources.

(iv) We may again mention the important accounting changes which tend to obscure the progress of expenditure. The expenditure on the "despatch vessel" at Bushire and that on the lighting and buoying of the Persian Gulf are examples of such changes. Secret Service money now usually figures under "office allowance"; previously it used to be shown as such or under supplies and services. Certain classes of expenditure in the agencies and consulates and vice-consulates under the control of the Political Resident, Bushire, are now "centralised" and appear in the Bushire budget and not in their own budgets. Similar important changes have taken place in the expenditure of the Bhutan-Sikkim Agency on the one side and the Gyantse and Yatung Trade Agencies on the other. A major change is the transfer of the provisions for sterling overseas pay, etc., to the High Commissioner's budget. These are only a few specific cases cited by us as illustrations; they do not by any means exhaust the list.

(v) *Changes of Policy.*—Certain fundamental changes of policy have also taken place since the retrenchment campaign of 1922-23. Thus, the annual subsidy of 19 lakhs to the Amir of Afghanistan is no longer payable. On the other hand, the Kabul Legation is now costing about eight to ten times what India's political representation in Afghanistan used to cost. Again, in the case of Persia and the Persian Gulf Littoral His Majesty's Government have taken certain Consular and Vice-Consular outposts under their own control and India only makes contributions towards their up-keep, whereas formerly India used to meet the whole cost in the first instance.

(vi) *Complicated system for division of expenditure and administrative control.*—The existing arrangements regarding the authorities in administrative control of certain political agencies and the manner in which expenditure is shared between Great Britain and India are somewhat complicated. The Consulates and Vice-Consulates in Persia and the Gulf Littoral furnish the most important illustration ; Kashgar furnishes another. Some of them are manned by officers under the control of the Government of India ; some by officers of the diplomatic and consular services controlled by His Majesty's Government. With the exception of the expenditure on Bahrein and Muscat, which India has to bear herself, expenditure in Persia and the Persian Gulf Littoral is, broadly speaking, shared equally by Great Britain and India. But India bears the whole cost of the Legation at Kabul, the Consulate-General at Kashgar, and the three outposts in Tibet. In respect of diplomatic and consular establishments in China, India makes a fixed contribution of £12,000 per year. This is recovered from India by adjustment in the Secretary of State's accounts. A committee appointed by the Secretary of State for India under the Chairmanship of Sir Henry Wheeler has recently recommended that an effort should be made to secure the discontinuance of such contribution ; so far as we are aware, no such recommendation has been made in respect of political and other expenditure in Persia, Arabia, Afghanistan, Turkestan and Tibet with the object of affording relief to India. We have cited these facts to show that unless net expenditure (*i.e.*, after adding India's contribution to, and deducting recoveries from, Great Britain) are taken into consideration, comparable figures cannot be arrived at.

(b) *Adherence to detailed framework.*—We have all the same attempted to present as complete a picture* of each unit of expenditure reviewed by us in this report as it was possible for us to do with the material and information available to us. Some of the material set forth in our report, though not confidential, is not easily available to the public. Hence, we have attempted to reconnoitre and give a brief but precise picture of each grant, trusting that this will help to appraise our remarks, suggestions, and proposals at their true worth. We think that even as a handy reference book our report will serve some purpose.

(8) *Problem of the North-West Frontier.*—It will be evident that many of our important proposals for retrenchment can be given effect to only if certain policies are fully carried out. One outstanding problem in this connection

*In this connection *vide* paragraph 22 (on page 10) of Chapter I, Part I of our Report .

relates to the land frontiers of India (including Burma), especially on the north-west. India was often in the past invaded from the North-West, mainly through the Khyber Pass (in the North-West Frontier Province) and to a lesser extent through the Bolan Pass (in Baluchistan), and in recent times the Czarist regime in Russia gave rise to considerable apprehensions in this respect. With the disappearance of that regime, however, the danger of any invasion from the north-west has considerably diminished, even if it cannot be said to have vanished altogether. The practical problem has since then been more or less confined to the protection of the north-west frontier from "raids" by independent tribes living in what is called "the tribal areas". The expenditure incurred in guarding against and meeting such raids has been enormous, not only on measures directly adapted to this specific end and in the cost of actual action and movements of troops but this fact has also generally influenced the strength and equipment of the Indian military forces of various arms. Until a short time ago, *i.e.*, during the currency of the so-called "buffer state" policy, Government's policy was mainly based on the assumption that these tribes must always remain intractable and prone to pounce upon Indian towns and villages across the border and to plunder their inhabitants, whenever they found a suitable opportunity. But we have been informed that a new orientation has been given to the frontier policy to secure a more stable state of peace and security. That policy is one of 'peaceful penetration' or of 'civilising' the tribes. Its objective is to open out suitable and adequate avenues of employment for the tribes and to induce them to settle down on the land by building roads, by enabling them to make the best use of their forest resources, by increasing the extent of cultivable and pasture lands by means of canals, and by spreading education. These tribes (*viz.*, Afridis, Wazirs, Mahsuds, Mohmands and others) are not only a war-like and virile people but also intelligent, hardy and hardworking. They have also certain traits of moral character through which very effective appeals can be made to them. They are well-known for their hospitality and chivalry. They are also extremely susceptible to the influence of religion, though at present under the teachings of narrowminded, ill-informed and mostly selfish *mullahs* it is apt to develop intolerant fanaticism.

We cordially endorse the policy, the aim of which, as we have understood it, is to make every appeal to the higher instincts of these people. But it should never be forgotten that the primary condition of success of any such policy is the development of the economic resources of their country and the opening out of adequate avenues of peaceful and useful employment for them without interfering substantially with their independence, which they prize above everything else. We see no reason why they should not also be encouraged to find suitable employment in British India itself.

We should further add that unless such a policy is earnestly and successfully carried out, the problem of the north-west frontier will not be solved on a stable basis. In this connection we must express our firm belief that the recent grant of a new constitution for the government of the North-West Frontier Province with a promise that it will be expanded on the same lines as that of the other provinces of India will greatly ensure the success of the new policy. We should like here to emphasize the fact that the remarkable

decline in the number of raids and consequent casualties and loot of property in recent years* inevitably tends to strengthen our conclusion in favour of the new policy. We had these broad considerations in mind in making our specific proposals for retrenchment in the expenditure on Frontier Watch and Ward both in the North-West Frontier Province and in Baluchistan, so that more money could be found to devote to more productive purposes.

(9) *Some important general issues.*—We may now discuss certain important issues of a general character which have emerged out of our review of the political grants.

(i) *Financial control.*—We are not satisfied that the present arrangements for control over expenditure from the grants administered by this Department are adequate or effective. We are unable to suggest definitely the exact arrangements, which may secure proper financial control. But it may be worth while considering whether it would improve matters if the Under-Secretary, who, we understand, deals with finance, is placed directly in subordination to the Finance Department but without in any way increasing the cost of the post or altering the system under which at present financial proposals are submitted to the Finance Department. We do not of course refer to the work of any particular officer but only to the nature of the existing system.

(ii) *Supply of estimates to Legislature.*—In the case of wholly non-voted grants and the wholly non-voted heads included in the “ area ” grants, detailed estimates are not incorporated in the volume of “ Demands for Grants ” laid before the Legislature ; only a brief summary, which hardly gives any guidance, is furnished. We are not aware of the reason why the details of this expenditure are withheld from the Legislature. We notice that detailed estimates of military expenditure, which also are non-voted, are furnished. We suggest that the *raison d’être* of the current practice be scrutinised afresh. The Legislature should, in our opinion, be taken into confidence. Under the existing constitutional position, these estimates would continue to be non-voted ; hence, the information made available to the Legislature would not, in our opinion, cause any undue embarrassment to Government.

In this connection we may draw attention to the change in the practice, which, we understand, Government have, on our advice, decided to make as regards estimates for the Nasik concerns. These have so far been excluded from the “ Demands for Grants ”, but we understand that the question of incorporating them therein is under consideration at present.

(iii) *Special pays and allowances.*—In this department, perhaps more than in any other, numerous special pays and allowances (*e.g.*, sumptuary, language, conveyance, motor car, compensatory, customs compensatory, house-rent and duty allowances and special pays) on generous scales are payable, even though the scales of pay are liberal enough. Many officers get various special pays or duty allowances for one reason or another, and even establishments get them in an unusually large number of cases or on unusually generous scales. We have quoted numerous individual cases in the main body of our Report, but may refer to two of the most striking cases. The aggregate amount of the Residency Surgeon, Indore’s extra emoluments, numbering as many as ten,

* See Table at page 48.

is as much as Rs. 1,142 per mensem ; (The present incumbent's substantive pay is Rs. 1,500 plus £ 30 O.P.) The extra emoluments of the Vice-Consul, Mohammerah, whose pay proper is Rs. 500 per mensem, aggregate Rs. 600 per mensem. We note that in some cases the cost does not fall entirely on central revenues. We presume, however, that the aggregate cost to central revenues must be a considerable figure.* We recommend a thorough overhaul of the entire system. When an Assistant Residency Surgeon gets, besides his pay proper, a special pay for acting as Assistant to the Residency Surgeon *cum* Chief Medical Officer, there must be something wrong with the manner in which extra emoluments are sanctioned.

Since reduction of special pays and allowances is obviously an easier mode of effecting permanent economies than revisions of scales of pay, we recommend that pending a thorough examination, they should be reduced by one-half. We may draw attention to the fact that in the case of political officers serving on the north eastern frontier under the control of the Government of Assam that Government has, in the interests of economy, reduced the special pays and allowances by substantial percentages, *e.g.*, the total extra emoluments of Rs. 400 per mensem to two Political Agents have been reduced to Rs. 150 per mensem in one case and Rs. 250 in another. We trust that the Government of India also will take up the question equally seriously.

In this connection we may refer to several concessions and amenities which are provided at the public expense to the officers of this department. Numerous officers get rent-free quarters—sometimes furnished. Liberal provisions for the maintenance of gardens, saloons, special trains, motor cars, are other instances. While it is impossible for us to scrutinise each case on its own merits, we earnestly recommend that the whole system should now be thoroughly overhauled.

(iv) *Imperial burdens on central taxpayers.*—We may now draw attention to certain burdens which British India has to bear, in our opinion unfairly. We have recommended that the entire cost of diplomatic and consular representation in Persia and the Persian Gulf Littoral and Turkestan and on the agencies at Gyantse, Yatung and Gantok, should be entirely borne by the British Government. We claim that it has not been shown to our satisfaction that they are maintained in the trade interests of India. We are satisfied that their history, constitution and the other important facts, which we have mentioned in our Report, do not prove the case of the department in this connection. So far as we are aware, no dominion or colony bears a share of such expenditure, even when it is almost directly interested. In this connection, we may refer to the recommendation made in an analogous case by the Economy Committee appointed in 1931 by the Secretary of State (under the Chairmanship of Sir Henry Wheeler) to the effect that efforts should be made to secure discontinuance of India's annual contribution (£12,000) towards diplomatic and consular establishments in China.

This question in fact is not raised by us for the first time ; what we have pressed for is that the true position should now be fully recognised and

*In the case of the North-West Frontier Province and Baluchistan we have made a rough estimate of the total special pays and allowances payable to officers ; in the former, our estimate of the aggregate amount is 2.04 lakhs, and in the latter, .40 lakhs.

India be relieved of expenditure, from which she derives very little benefit. But since it will take about a year before a decision is reached and readjustments made, we have proposed certain reductions in the expenditure in order to give as much relief in the meantime to Indian revenues as possible.

Although in the case of Afghanistan the position is very different from what it is in Persia, we have not gone so far as to propose that His Majesty's Government should bear the total expenditure of the British Legation at Kabul. We have only proposed that while the ultimate aim should be to share the cost with His Majesty's Government, India may for the present bear as much as two-thirds of the cost of the Legation proper.

There are certain other directions also in which British India alone bears heavy all-India and imperial burdens. We shall refer to a few such cases.

(a) The expenditure incurred in administering the relations of the Indian States with the Paramount Power is entirely borne by the revenues of British India. We have had no opportunity of examining the reasons for this arrangement and we have proposed reductions of expenditure on Political agencies on the basis of the present policy. That policy, as we have already stated, is the discharge of obligations arising out of the treaties and engagements of those States with Government. It does not lie within the scope of such an enquiry as ours to ascertain what exactly is the nature of these obligations in individual cases. We have, however, assumed as a broad fact that the obligations in question include the possibility of the Political department being called upon to give such advice and help to the Rulers from time to time as might be helpful to them in so carrying on their administration as to secure peace, contentment and prosperity of the inhabitants of the States. That indeed is the objective which the entire system of political agencies seems to be designed to serve and in making our recommendations for retrenchment we have taken care that its efficiency is in no way impaired. Our sole concern has been to see that the revenues of British India are not unjustly burdened with any avoidable item of expenditure.

(b) The heavy expenditure on dâk and telegraph lines in Tibet, and the medical expenditure in Persia, etc., are other cases in point.

(c) The Indian States Forces are in many cases a source of power and prestige to the States that maintain them. But, the entire cost of maintaining the Military Advisory Staff for their training (6·44 lakhs) falls on central revenues.

(d) Similarly, the net cost of the Malwa and Mewar Bhil Corps, the Hyderabad Chowkidari establishment, the net cost of the Railway Police in Rajputana, Central India, Western India States Agency, etc., the substantial annual present to Nepal and the subsidies to Muscat and Bhutan, the grants-in-aid to Chiefs' Colleges and similar institutions, the cost of education of students from Nepal and Bhutan, entertainment charges and the cost of keeping refugees and state prisoners, payments to tribes and Khans,—all these are more or less Imperial or all-India burdens, which the central taxpayer has at present to bear.

We understand that some of these and similar questions have perhaps been enquired into already ; all the same, we suggest that the need for undertaking such burdens and the feasibility of reducing them be scrutinised afresh,

wherever necessary. In connection with most of them we have made detailed proposals in the relevant portions of our Report. We may, however, refer here to the question of policing the railway systems in India.

We agree that India's best interests require unified control as far as possible, but we do not see why the central taxpayer should bear an unduly large share of the burden. We observe that in the case of the Hyderabad railways the contributions levied from the State as well as the railway companies concerned enable the full cost to be recovered. Similarly, in the Western India States Agency some cost is, at any rate in theory, recovered in the form of the Gaekwar Subsidy of 3½ lakhs, a part of which may be treated as a lump sum payment. On the other hand, we find that in Rajputana, Central India, and presumably also in Mysore, Punjab and elsewhere the cost is borne entirely by central-revenues. The position is, however, somewhat obscure to us and we are content to leave the matter to be examined in detail by the department. We suggest that such examination should embrace the liability of the railway companies served. Thus, if railway companies operating in Hyderabad State have to contribute towards the cost of the Hyderabad Railway Police, there seems little reason why the other Railway Companies and Administrations whose lines serve states' territory or "administered" areas should not be made to contribute towards the cost of the Railway Police serving them, not merely as a watch and ward agency but in its rôle as a railway police.

(v) *Military expenditure.*—We draw attention to several cases in which expenditure which in essence is military is being shown under head "Political". We commented on similar cases in connection with certain classes of "civil" expenditure, e.g., the Survey of India, Agricultural, Medical, Ecclesiastical, etc. In certain cases such expenditure has always been classified as political; in some cases it used to be provided for in the army budget but was removed from it when in connection with the retrenchment campaign of 1922-23 an upper limit was put on that budget. As instances we may quote the expenditure on Frontier Watch and Ward (in all 2,52.35 lakhs) charges for the organisation of Indian States Forces (6.44 lakhs), and the cost of semi-military formations like the Mewar and the Malwa Bhil Corps; these have always been shown as "political". On the other hand, the cost of the Envoy's escorts in Nepal, cost of stores for Gilgit Scouts, cost of telephone lines in the North-West Frontier Province and certain charges in connection with the Nayar Brigade used to be borne on the Army estimates but are now shown as "political". It can also be argued with a fair show of reason that some of the expenditure on the political agencies in the tribal areas in the North-West Frontier Province and Baluchistan and Burma and Assam is essentially military. The employment of officers of the I. M. S. and the I. M. D. in political agencies is often, in essence, a mode of providing army surgeons with some useful employment in peace time. We propose that in the interests of a true picture of the real aggregate cost of each service, the expenditure should be more precisely classified. We may remark that since "political" as well as "army" expenditure is "non-voted", the objection, viz., that constitutionally it would be a retrograde step to convert voted into non-voted expenditure, is not applicable to our proposal.

In this connection we may refer to the unnecessary additional expenditure which the "commercialisation" of the Army budget and the passing of the Indian Cantonments Act has involved. Army officers who in one capacity or another (e.g., as Cantonment Magistrates) used to do certain classes of work without extra emoluments (e.g., excise or judicial), are now in many if not most cases paid for such work, if it is still done by them. As illustrations we may refer to the provisions for special payments to army officers for excise work. We can see no strong reason for such payments. Their own work has not appreciably increased or become more arduous. If a *quid pro quo* is claimed on behalf of the army budget, the claim should be disposed of on the merits. But, we cannot defend the payment of extra emoluments to officers, maintained out of central revenues, for work which until only recently they used to do without any such extra emoluments.

(vi) *Utilisation of Local Governments' agency.*—While we refrain from expressing a general opinion on the relative merits and demerits of maintaining political relations with the Indian States through the agency of the respective Local Governments as an abstract question, we hold that by relieving certain Local Governments of such work in respect of specified States or groups of States some economy should be possible. As illustrations we might draw attention to our remarks regarding Mahikantha, Rewakantha, etc. On the other hand we are not prepared to recommend any change in respect of the States in Bengal, United Provinces, Bihar and Orissa or the Central Provinces. Our recommendation is that this question should be examined again in regard to each State or natural group of States from the point of view of possible economy without risk to efficiency.

(vii) *Subordinate Political Agencies.*—A reconsideration of the general policy under which political agencies subordinate to an Agent to the Governor General or a Resident are still maintained for the conduct of political relations with the Indian States may be in the interests of economy.

It may be feasible to reduce their number still further but we have not had the time to take evidence or to give this proposal due consideration and therefore we refrain from making any concrete proposals other than those already embodied in this report.

(viii) *Residency and Agency Surgeons.*—Another matter in which a change of policy is needed is the system of attaching surgeons to Residencies and Agencies. In the old days they used to be so attached almost as a matter of course. The circumstances of India in this respect have, however, changed so much that we do not consider it necessary to attach them to political agencies except in a few unimportant cases. Most Indian States now-a-days maintain qualified medical establishments; some of them are quite progressive in this respect. Where the assistance of a qualified medical staff in the employ of the State concerned is within easy reach, the attachment of special surgeons to a Political Agency should be an exception to be justified by special circumstances. We realise that our proposal raises the difficult problems of finding some form of suitable employment for officers of what in essence are army services. We have therefore not gone to the length of

recommending the abolition of all such posts, wherever the local circumstances appeared to us to be favourable ; we have merely proposed the abolition of a few such posts which in our opinion were unnecessary and the abolition of which we deemed a practicable proposition even within the framework of the present policy on the subject. Thus, in the case of Central India we have proposed the abolition of only one such post, viz., that of the Agency Surgeon, Bhopal, and failing it, the post of Residency Surgeon, Indore. On the other hand we could not see our way to accept the reasons for continuing the posts of the Residency Surgeons at Hyderabad and Bangalore. We trust that pending a fresh examination of this large, complicated and somewhat controversial question, effect will be given to our modest and limited proposals.

(ix) *Local Funds*.—In the course of our scrutiny of expenditure under the control of this department we have come across numerous local funds. Almost every political agency, which has an “administered” area, e.g.—Hyderabad, Western India States Agency, Central India, Mahikantha, etc., has one or more of them. They are raised from the taxpayers of “administered areas”, who are not liable to the taxation prevailing in British India proper, and they are used for a variety of purposes. Some of the activities financed from them go beyond the sphere of local self-government as understood and accepted at present. Thus, e.g., expenditure on “Police”, “Jails” and presumably even “Administration of Justice” is at present financed, so far as we can see, from the two local funds of Secunderabad and Aurangabad under the Hyderabad Residency. In our view this arrangement is a relic of the days when governmental functions were not clearly defined and classified. The early history of local self-government in India shows that the administration of these funds has stereotyped certain features which have during the last few decades been discarded more or less all over India. Thus, for example, police expenditure in British India proper used to be financed from the proceeds of the Bengal chowkidari tax but is now financed entirely from provincial revenues. We hold that the raising of local funds for governmental activities which are now classed or treated as “provincial” or “central” is an anomaly which should, as far as possible, be set right, bearing in mind that the residents of “administered” areas do not at present bear the full burden of provincial and central taxation in force in British India proper. In any case, these funds should be exhibited in a handy form, so that the total burden of taxation in the “administered areas” may also be known.

Our concrete proposals in general are :—

- (a) that the expenditure from these funds should be sorted out into two classes, viz., (i) that on activities appropriate to local self-governing bodies, and (ii) that on provincial and central activities,
- (b) it should be considered whether on the analogy of the practice in British Indian territory the taxpayers of the administered areas should not be relieved of the burden of financing some of the provincial or central activities.

- (c) even if it be considered inexpedient to lighten taxation in the administered areas, the expenditure on provincial and central activities should, though financed ultimately from local funds, be set forth in full in the "estimates", whether they are placed before the Legislature or not, and
- (d) the question of "assimilating" the system of taxation to that in force in the adjoining or the nearest parts of British India proper by "automatic application" should be scrutinised.

In support of our proposal (c) we might cite the present practice in regard to police expenditure. Although the Secunderabad local fund makes a full contribution, including leave contribution, for the maintenance of the police kept for that area, the entire expenditure appears in full in the estimates. Other analogous cases can also be cited, *e.g.*, Pilotage, Lighthouses and Lightships. The same principle can and should be applied to the expenditure on Jails, Justice and the "provincial" aspects of Education, Medical, Public Health, etc., as also to expenditure of the "central" type.

We claim that our proposals will help to keep taxation in the administered areas down by bringing the expenditure under the scrutiny of the Finance Department and, in certain cases, that of the Legislature as well. The present anomalous differentiation between the treatment of one administered area and another will tend to be kept under control and may eventually disappear. Incidentally, we might observe that it will make it impossible for the authorities incharge of administered areas to defeat the real object of retrenchment. That the risk pointed out by us is at present real, and not imaginary, will appear clearly from the proposals made by certain political authorities for the transfer of certain classes of expenditure from central revenues to local funds. We have given some illustrations in the case of the Mysore and the Hyderabad Residencies and we may only add that identically the same line of action was suggested by certain political authorities in connection with the retrenchment campaign of 1922-23.

(x) *Indianisation*.—Finally we wish to record our view that the pace of Indianisation in this department is very slow and should be accelerated. We hold that Indian agency should and must be cheaper; for one thing, overseas pay and passage and other concessions would not be admissible to many Indian Officers; even in the case of those who are entitled to overseas pay, it is generally drawn not in sterling but in rupees, *i.e.*, at a lower rate. We find very few Indian officers in the cadre of the department and even including Indians holding ex-cadre appointments the number of Indian superior officers is almost negligible. While examining the departmental memoranda and replies we have noted with some concern how the departmental proposals will not merely retard but sometimes even reverse the present policy, limited as it is, in the matter of Indianisation. We have made our recommendations on merits and have not allowed the question, whether a particular post under consideration is held by an Indian or a non-Indian, to influence our judgment. We therefore hope that while giving effect to retrenchment, whether on our lines or otherwise, this aspect of the question will not be lost sight of by the Department. We particularly refer to this matter, as we are aware of the

considerable uneasiness which prevails among many sections of Indians over this issue in connection with the manner in which retrenchment is being effected.

(10) *Survey of India*.—With reference to our remarks relating to the Survey of India in Part II of our report we wish to say that the scheme supplied to us gives us little more information than that contained in the memorandum supplied to the Legislature. It lacks the details on which we could record our final opinion on the merits of the retrenchment scheme put into effect by Government.

(11) *Cost*.—The estimated total cost of our Sub-Committee is Ra. 53,098 excluding the cost of printing, which is not at present known to us. The details are :—

	Ra.
(a) Travelling and daily allowances of Chairman and Members	17,850
(b) Pay of Secretary and pay and allowances of staff ..	32,863
(c) Cost of move from Simla to Delhi and back ..	1,345
(d) Contingent expenditure	1,000
(e) Payment to non-official witnesses	40
	53,098

(12) *Responsibility for opinions and proposals*.—We wish to express our thanks to the Foreign and Political Department for taking the trouble to verify the facts and figures in the draft report. We wish at the same time to add that the department does not assume any responsibility for the statements, observations, opinions and proposals, contained therein.

(13) Our investigations were completed and the Report was ready by the 2nd May 1932. Some formal changes have, however, been made subsequently and the Report was formally approved of by us on the 22nd June 1932.

(14) *Appreciation of Secretary's and staff's work*.—We are very pleased again to record our appreciation of the valuable assistance which our able Secretary, Mr. S. P. Shah, I.C.S., and Mr. N. N. Singh (his Assistant) rendered to us throughout our proceedings, especially in connection with the drafting of the report. The work connected with this particular enquiry has been of an unusually heavy character, involving references not only to the voluminous documents supplied by the department but also to a number of other official publications. They also took every possible care to see that the facts and figures stated are accurate. We also found our stenographer (Mr. Gur Bakhsh Singh, B. A.) extremely helpful to us in taking down the notes of the proceedings. He did his work very efficiently.

APPENDIX I.

Table showing the sittings and the periods during which the work of the Sub-Committee was interrupted due to sessions of the Legislature, etc.

Period.	Matters dealt with or causes of breaking up.
30th June—24th July ..	.. Preparation of questionnaires.
25th July—5th August ..	.. Break to allow time for replies.
6th August—4th September	.. Examination of representatives and heads of departments and formulation of proposals regarding the grants disposed of in Part I of the Report.
5th September—3rd October	.. Break due to Simla session of the Legislature.
10th, 11th and 16th September	.. Meetings during the session of the Legislature to adopt the first Part of the Report.
5th October—29th October	.. Examination of witnesses and formulation of proposals relating to the grants disposed of in Part II of the Report.
4th November—20th November	.. Break due to special session of the Legislature.
13th, 16th and 20th November	.. Meetings during the session of the Legislature to consider Part II of the Report.
21st November—5th December	.. Adopted the second Report.
14th December—23rd December	.. Examination of representatives of the Foreign and Political Department and formulation of proposals relating to grants disposed of in Part III of the Report.
26th December ..	.. Submission of skeleton scheme relating to Part III to the Hon'ble Finance Member.
25th January—6th April	.. Session of the Legislature.
12th and 17th February	.. Meetings during the session of the Legislature to consider Part III of the Report.
7th April—14th April ..	.. Adoption of Part III of the Report.

APPENDIX II.

Statement showing the attendance of Members.

Names.	14th December to 23rd December 1931.	12th Feb- ruary 1932.	17th Feb- ruary 1932.	7th April to 14th April 1932.	Total.	Remarks.
Days of sitting ..	9	1	1	8	19	
Sir Abdur Rahim ..	9	1	1	8	19	
The Hon'ble R. B. L. Ram Saran Das ..	7	..	1	5	13	
Mr. Rangaswamy Ayan- gar	Ni*	..	1	Ni	1	*Was in England in connection with the R. T. C.
Mr. S. C. Mitra ..	8	1	1	7	17	
Mian Muhammad Shah Nawaz	Ni	..	1	Ni	1	
D. B. Har Bilas Sarda ..	9	1	1	2	13	
Mr. Ramsay Scott ..	9	1	1	8	19	
K. B. Hafiz Wilayat Ullah	9	1	1	Ni	11	
Mr. J. C. Nixon ..	8	†	1	2‡	11	†Was busy with Federal Finance Sub-Committee's Work. ‡Left Delhi for Eng- land on 9th April.

NOTE.—Mr. K. C. Roy was a member but he died on 7th September 1931.

APPENDIX III.

(REFERENCE PARAGRAPH 6 OF CHAPTER I.)

Extracts.

(1) *The Honourable Khan Bahadur Mian Sir Fazl-i-Husain*.—(Page 2067 of Legislative Assembly Debates, Tuesday, 15th March 1932, Volume III, No. 2.)

* * * * *

“ I never thought last year that that Committee would bring so much trouble to us. (*Laughter*). I do not know whether the House is familiar with one of the numerous Committees this Committee divided itself into, but there was one that I came across very often, and that was the General Purposes Sub-Committee. What its purposes were, I do not know, except that it has left hardly any work for me to do. I seldom opened a pamphlet published by this Committee,—and it issued very many,—without seeing that some activity or other was curtailed. I wonder whether any Retrenchment Committee will be functioning next year to see to what extent money has been spent by this Committee, but I assure you there is hardly any activity of the Government of India's beneficent departments which has not been most ruthlessly attacked by my own people, the non-official Members of the House.”

* * * * *

Page No. 2068.

“ Then, amongst other recommendations, one was to the effect that there should be no Council of Agricultural Research Secretariat, that as a separate department it should cease to exist, and that it should be combined with the Department of Education, Health and Lands, as was the case before.”

* * * * *

(2) *Hon'ble Sir George Schuster*.—

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Page 2075.

“ Therefore, they (General Purposes Sub-Committee) recommended almost double the economy in that particular form of activity which the Government have accepted, and as an example of what they have done, I may say they have recommended the abolition of both the posts of scientific experts attached to the Imperial Council of Agricultural Research. We felt that if both those experts were to go, the Imperial Agricultural Council would be left unable to perform the most useful part of its functions. I quote that as an example for the purpose of showing that when my Honourable colleague (Sir Fazl-i-Husain) spoke of the recommendations of the General Purposes Sub-Committee as in some respects having gone so far as almost to kill the activities of the scientific departments, he was not speaking beyond the truth, he was not exaggerating the picture.”

* * * * *

Comments on inaccuracies in the above extracts.

(1) As for Sir Fazl-i-Husain he apparently knew nothing about our recommendations and it is surprising that he should have made himself res-

possible for unfounded statements of the character which we have just cited.

(2) As regards Sir George Schuster we quote here from our report the attitude taken up by the representative of his own department which we must assume was, to say the least, not unknown to him.

Archæology—

“ Our official colleague—Mr. Nixon—holds that its expenditure should be reduced so as to cost not more than 9½ lakhs in all, but he has given no details of the scheme he has in view ”.

Geological Survey—

“ Our official colleague—Mr. Nixon—however, urges that on grounds of financial necessity it should be closed down altogether or for a term of years ”.

Other Scientific Departments—

“ Mr. Nixon, however, holds that this group of institutions should also be subjected to retrenchment in common with the other departments of Government ”.

(3) With reference to the grant of the Council of Agricultural Research we recommended only a reduction by 2½ lakhs while the Finance Department reduced the grant by 5 lakhs. We consider that this action of the Government and not our proposals would “ kill ” one of the activities of the department of Education, Health and Lands.

(4) As regards our proposal to abolish the posts of Animal Husbandry and Agricultural Experts attached to the Council we consider this not only feasible but extremely desirable in pursuance of our recommendation that the Pusa institute should be placed under the control of the Imperial Council of Agricultural Research, for sufficient expert advice and help would be available to the Council from Pusa. This is what we said in this connection.

“ *Imperial Council.*—We see no reason to suggest any modification of the policy which led to the establishment of the Imperial Council for central research. We are also unanimously of opinion that Pusa and Muktesar should be placed under the control of the Imperial Council. We are further agreed that the services of the two Expert Advisers may be terminated. We observe that the two Central Research Institutes maintain all the necessary expert staffs and these can be utilised for such advice as Government might need. We therefore unanimously recommend the abolition of the two posts of Expert Advisers to the Imperial Council of Agricultural Research.”

(5) We could cite many other cases which would show that the attitude of the General Purposes Sub-Committee *vis-a-vis* that of the Finance Department towards grants for scientific research and educational purposes was exactly the reverse of what was represented by the spokesmen of the Government in the Assembly.

(6) As regards the cost of the Committee to which Sir Fazl-i-Husain referred, we draw attention to paragraph 11 of Chapter I which will show how wide of the truth is the observation of the Hon'ble Member.

CHAPTER II.

GRANT NO. 31.—FOREIGN AND POLITICAL DEPARTMENT.

(1) *Functions*.—This department deals with :—

- (i) External politics ; (ii) Relations with foreign States beyond the limits of India ; (iii) Consular appointments ; (iv) Passports ; (v) Indians overseas in all territories under the A mandate, in those administered by a foreign power under a B or a C mandate, in Egypt, and outside the Empire (except in Surinam) ; (vi) The control of relations with the frontier tribes and of the administration of Frontier Constabulary and Militia employed in connection with such tribes ; (vii) the control of the administration of the North-West Frontier Province, Baluchistan, Ajmer-Merwara and the Pargana of Manpur in British India, and of all places in Indian States administered by the Governor-General in Council, save in so far as relates to any particular class of business in any of the said territories or places which is allotted to another Department ; (viii) Extradition and extra-territoriality ; (ix) the political service ; (x) political prisoners ; (xi) political pensions ; (xii) relations with Indian States and feudatories within the limits of India ; (xiii) Indian States Forces ; (xiv) the Chiefs' Colleges ; (xv) the Indian Orders of the Star of India, Indian Empire and Crown of India and all British Orders ; (xvi) Indian titles ; and (xvii) ceremonials.

(2) *Organisation*.—The department is controlled directly by His Excellency the Governor-General and Viceroy. It has two Secretaries (one called Foreign and the other Political), two Deputy Secretaries, two Under Secretaries, two* Assistant Secretaries, one Attaché, two officers on special duty, twelve superintendents (including one temporary), 51 Assistants, 65 clerks, 6 stenographers, a caretaker and 95 servants.

(3) *Growth of expenditure and of staff*.—The following table illustrates the growth of expenditure :—

	1913-	1922-	1924-	1925-	1926-	1927-	1928-	1929-	1930-	1931-	
	14.	23.	25.	26.	27.	28.	29.	30.	31.	32.	
Pay of officers	3-11	3-13	2-97	3-14	3-71	3-13	3-14	3-39	3-88
Pay of establishment	3-90	3-43	3-50	3-72	3-84	4-00	4-08	4-23	4-47
Allowances, etc.	1-16	.94	1-02	1-14	1-07	1-02	1-03	1-08	1-24
Postage, Telegraph and Telephone Charges	1-64	.70	1-18	1-30	1-47	1-53	1-97	2-70	1-82
Other Contingencies33	.31	.29	.30	.29	.34	.30	.33
Grants-in-aid01	.01	.02	..	..	..
	7-17	9-81	8-53	8-98	9-60	10-40	9-99	10-56	11-70	11-74	

* This description is based on the Estimates. Thus, one of the two special duty posts was later converted into an Assistant Secretary's post ; all the same, only the normal number of such posts has been shown.

As regards the growth of staff, the following table gives the necessary information :—

	1913-14.	1922-23.	1924-25.	1929-30.	1931-32.
Superior administrative	8	9	8	10	11
Inferior administrative	9	9	9	10	12
Clerical (excludes temporary staff) ..	84	87	98	127	135
Servants	96	98	91	95	95

(4) *Inchcape proposals*.—That Committee recommended that the establishment should be reduced to the pre-war level and the provision for contingencies should be reduced by .50. Taking into consideration the departmental offer of reduction by .47 a budget of 8.95 was recommended. (The actuals of 1924-25 and 1925-26 compare favourably with this figure). The provision for 1931-32 shows a growth of a little under 40 per cent. over the actuals of 1924-25.

(5) *Departmental offer*.—The department's final offer consists of the following :—

Pay of officers .. ..	..	..	..	..	..	66
Pay of establishments .. ..	..	..	..	..	..	45
Allowances .. ..	..	..	..	..	..	10
Postage and telegram charges .. ..	..	..	..	..	..	18
Other Contingencies .. ..	..	..	..	..	..	03
						1.42

The more important items which the department has offered to retrench are :—

- (i) discontinuance of the Aitchison's Treaties Branch and the Special Branch and the officer on special duty; (ii) abolition of the posts of Assistant Secretary and Attaché; (iii) abolition of the appointments of 14 Assistants, clerks and stenographers.

No reduction has been offered in the Central Cypher Bureau, which is a part of the Foreign and Political Department and the expenditure on which is included under this grant.

(6) *Our proposals*.—In part II of our Report we have laid down (Chapter I, paragraph 13, page 10) a general plan which we have proposed for all the secretariat departments. We recommend that that plan should be applied to this department also. We note from the oral evidence of its representatives that there is no clear demarcation between the foreign and political sides and we believe that the department is one compact whole and functions as such. We do not think, therefore, that there is any justification for allowing more than one Secretary. We recognise, however, that the position of this department is peculiar and even unique. We would, therefore, allow, in addition to the strength of officers laid down in our general plan, a Joint Secretary, an Additional Under-Secretary and an Attaché. Thus, the gazetted staff of the department would, on our plan, consist of a Secretary, a Joint Secretary, a Deputy Secretary, two Under-Secretaries and an Attaché. The 12 posts of superintendents should be replaced by one of a Registrar and senior assistants should be placed in charge of branches with an allowance of Rs. 50 each. The provisions for all new items in the current year's grant for the pay of establishments should be deleted.

Postage, Telegram and Telephone charges and other contingent expenditure should be reduced by 10 per cent.

(7) *Summary of savings.*—On our proposals there will be a total saving of 2·75 lakhs, distributed as follows :—

Pay of officers 2·12 ; Pay of Establishments ·32 ; Allowances, etc. ·10 ; Postage, telegram and telephone charges ·18 ; and Other contingencies ·03.

CHAPTER III.

GRANT NO. 78.—NORTH-WEST FRONTIER PROVINCE.

(NOTE.—This chapter was drafted before the inauguration of this province as a Governor's province and has been based on the figures and the system and conditions of administration as given in the 1931-32 estimates. Since it was drafted, the Government of India have agreed to grant a subvention of one crore of rupees. We are conscious that it will now be the concern of the Local Government to see how far expenditure on "provincial" subjects can be reduced.)

(1) *Reasons for including North-West Frontier Province in our enquiry.*—Towards the end of the second Round Table Conference, it was announced by the Prime Minister that the five settled districts of the North-West Frontier Province would be constituted into a Governor's province at an early date. The enhanced status of the province will automatically involve the separation of "central" from "provincial" finance and it may be asked whether a retrenchment committee charged with a review of "central" expenditure can usefully enquire into expenditure which would before long be classified as provincial. The revenues of the North-West Frontier Province have never been sufficient to cover its expenditure and it has been proposed that the central Government should make a fixed annual subvention to the province to meet the deficiency. The Government of India are thus interested in narrowing the gap between revenue and expenditure in the North-West Frontier Province as far as practicable. We have therefore decided to review all expenditure in the North-West Frontier Province, whether central or provincial.

(2) *The North-West Frontier Province.*—The province is situated on the north-west frontier of the Indian Empire between approximately 31° and 37° north and 69° and 74° east. Its extreme length between these parallels is about 408 miles and its extreme breadth between these meridians is 279 miles. The approximate area of the entire province is a little under forty thousand square miles of which only one-third, comprising the five settled districts of Hazara, Peshawar, Kohat, Bannu and Dera Ismail Khan, is British Indian territory in the full sense. The rest is tribal area, in which political control is exercised by the Deputy Commissioners of the adjoining districts or by Political Agents (including the Resident in Waziristan) working under the general control of the Chief Commissioner of the province in his capacity as Agent to the Governor General.

The province falls into three main geographical divisions:—

- (i) the cis-Indus district of Hazara,
- (ii) the comparatively narrow strip between the Indus and the hills to the west of the Indus; this strip comprises the districts of Peshawar, Kohat, Bannu and Dera Ismail Khan, and
- (iii) the mountainous region on the north and west between those districts and the borders of Afghanistan.

The tribal area lies to the north and west of the settled districts and is divided into two unequal halves by the wedge constituting the Kurram valley agency. This wedge although essentially a part of the tribal area has, unlike the rest of the tribal area, been under some degree of direct administration by the officers of the Foreign and Political Department.

The population of the province according to the 1931 census is a little under 2½ million in the five settled districts and a little over 2¼ million in the agencies and the tribal areas. The latter figure, however, is only an estimate.

The table in Appendix IV (pages 56-57) gives information under various heads about the population of the province.

The province contains only one city of importance, viz., Peshawar with a population of 87,440 in the City and 34,426 in the Cantonment. Seven other towns have a population exceeding 10,000 ; five of these include large military cantonments. The province also has thirteen smaller towns and 1,230 villages, all of which contain over 500 inhabitants each. A further 1,600 villages have a population of less than 500.

(3) *Historical*.—The five settled districts became British Indian territory by the proclamation of 29th March 1849, under which the territory under the control of the Lahore State up to the foot of the hills was annexed after the second Sikh War. In 1893 the political boundary between Afghanistan and India was fixed by the Durand Agreement, and the British Indian Government became responsible for the strip of tribal territory intervening between the Durand line and the administrative border of British India. The dealings of the British officials with the tribes on the Indian side of the boundary became more intimate than before. In the earlier days, there was no special agency for dealing with the tribal tracts and relations with the tribes were conducted by the Deputy Commissioners of the adjoining districts,—mostly through the medium of the Khans. In 1878, however, the system of political agencies was started with the appointment of a special officer for the Khyber. The Kurram which was taken from Afghanistan in 1879 was not made a separate agency until 1892 and the three agencies of Malakand, Tochi and Wana were created in 1895-96. Nearly half of the tribal area is under the control of the Deputy Commissioners of the adjoining districts.

From the time of the British annexation of the Punjab till 1901 the settled districts and the adjoining frontier tracts remained under the control of the Punjab Government. In consequence of the decision of His Majesty's Government, "that the conduct of external relations with the tribes on the frontier should be more directly than heretofore under the control and supervision of the Government of India", the entire area was taken under the immediate charge of the Government of India in 1901. This was done by constituting the settled districts and the adjoining tribal area into the North-West Frontier Province.

The North-West Frontier Province was not admitted to the benefits of the Reforms under the Government of India Act, 1919, and the last decade has witnessed an enormous growth of political consciousness. Among certain sections it took the form of a demand for re-amalgamation with the Punjab. A committee of enquiry under Mr. (now Sir Denys) Bray's Chairmanship was appointed by Government in 1922. It found that the bulk of opinion was against re-amalgamation. Further, it recorded its opinion that in the existing conditions it was not merely inexpedient but for all practical purposes impossible to separate the administration of the five settled districts from the political

control of the adjoining unadministered tracts. On these grounds a majority of that Committee held that re-amalgamation with the Punjab was out of the question.

(4) *Special features.*—The internal administration of the province is more or less on the lines of that obtaining in the other provinces of India, especially the Punjab. It is, however, alleged that the proximity of the tribal area inhabited by about 2½ million men belonging to one of the most warlike races in the world imposes special obligations on the administration. The defence problem on the North-West Frontier is also, in a special sense, of an all-India character. It is further stated by some authorities that owing to the special Pathan customs and social code and the ease with which arms can be obtained, the administration of the area possesses a complexity which perhaps has no counterpart in any other portion of British India or the Indian Empire.

(5) *Expenditure and Revenue.*—The following tables show the Expenditure (Table A) and the Revenues (Table B) of the Province. An accurate classification into "central" and "provincial" is not possible without extensive adjustments. Nevertheless, the subjects known as "provincial" in a Governor's province have been shown separately from the subjects generally classified as "central". All expenditure relating to the province, whether it is shown in the "area" grant or elsewhere, has been included.

TABLE A.—EXPENDITURE.

	1924- 25.	1925- 26.	1926- 27.	1927- 28.	1928- 29.	1929- 30.	1930- 31.	1931- 32.
Land Revenue	6·44	7·30	7·27	6·23	5·82	4·60	3·72	3·45
Excise	·34	5·62	4·85	5·99	5·68	5·83	6·06	5·97
Stamps	·28	·38	·51	·30	·26	·28	·20	·21
Forests	5·89	5·47	6·41	9·49	8·53	8·40	8·33	9·03
Irrigation	24·36	22·29	23·33	23·34	26·14	25·60	27·36	22·54
Registration	·11	·12	·12	·13	·14	·14	·15	·15
General Administration	16·33	16·53	16·78	17·23	17·37	19·26	20·10	20·19
Administration of Justice	5·62	6·21	7·02	7·42	7·55	7·71	7·90	7·90
Jails and Convict Settlements	5·92	6·57	6·92	7·24	7·55	8·23	8·84	10·08
Police	27·02	27·38	27·32	27·42	28·36	29·46	35·19	31·85
Scientific Departments	·04	·06	·06	·05	·05	·05	·05	·05
Education	11·75	12·19	13·24	17·73	18·59	19·77	20·68	22·11
Medical	3·95	4·45	4·89	4·21	4·21	6·17	7·15	8·27
Public Health	1·72	·82	1·05	·85	1·02	1·05	1·16	1·29
Agriculture, etc.	1·28	1·47	1·50	1·56	1·53	1·93	2·35	2·84
Industries .. ..	..	..	..	..	·07	..	..	..
Miscellaneous Departments	·06	·03	·03	·02	·02	·02	·03	·03

TABLE A.—EXPENDITURE—*contd.*

	1924- 25.	1925- 26.	1926- 27.	1927- 28.	1928- 29.	1929- 30.	1930- 31.	1931- 32.
Civil Works (including Frontier Watch and Ward)* ..	50.98	52.91	49.90	56.21	70.99	88.18	102.46	77.25
Famine Relief ..	..	..	..	..	..	..	.25	..
Superannuation Allowance and Pensions ..	3.44	5.15	5.48	4.90	4.59	4.80	4.89	4.89
Stationery and Printing ..	1.05	.93	1.25	1.07	1.01	1.23	1.30	1.27
Miscellaneous Charges	.68	1.21	.75	.59	.71	.80	.79	.79
Total "Provincial" Subjects ..	167.26	177.09	178.68	191.98	210.19	233.51	258.96	230.16
Customs ..	.09	.13	.13	.14	.14	.14	.15	.15
Taxes on Income ..	.53	.57	.62	.71	.70	.73	.78	.79
Ecclesiastical ..	.96	.75	.89	.87	.88	.81	.89	.86
Political ..	22.11	21.55	22.55	22.65	23.86	24.38	32.31	27.16
Currency ..	.02	.05	.03	.03	.04	.03	.04	.05
Frontier Watch and Ward (excluding Works) ..	92.69	98.90	97.67	94.96	93.84	95.11	101.40	95.85
Territorial and Political Pensions ..	.53	.50	.51	.47	.45	.53	.48	.46
Interest <i>Net</i> ..	-8.14	-8.36	-8.32	-8.34	-8.48	Not available.		
Total "Central" Subjects ..	108.79	114.09	114.08	11.49	111.43	121.73	136.05	125.32
GRAND TOTAL ..	276.05	291.18	292.76	303.47	321.62	355.23	395.01	355.48

*Works relating to F. W. W. are included here because of the difficulty of sorting out the expenditure on them prior to 1927-28.

TABLE B.—REVENUES.

	1924- 25.	1925- 26.	1926- 27.	1927- 28.	1928- 29.	1929- 30.	1930- 31.	1931- 32.
Land Revenue ..	21.96	21.87	24.16	22.95	19.85	21.07	21.18	21.01
Excise ..	5.38	5.55	4.89	15.41	11.66	10.72	9.99	9.95
Stamps ..	12.14	11.89	11.30	11.29	11.52	10.91	9.89	9.89
Forest ..	6.70	7.44	7.91	7.57	8.29	8.64	9.61	10.00
Registration ..	.83	.85	.81	.77	.78	.76	.64	.69
Irrigation ..	16.43	17.51	21.11	11.54	15.71	9.45	8.13	13.07
Justice ..	2.83	2.39	2.38	2.59	2.27	1.92	1.65	1.65
Jails ..	1.10	1.13	1.13	1.23	1.19	1.36	1.37	1.39
Police ..	.24	.15	.31	.46	.55	.67	.65	.68
Education ..	.74	.37	.44	.50	.56	.64	.61	.63
Medical ..	.02	.01	.01	.01	.50	.37	.86	.77
Public Works ..	..	.01	.01	.03	.02	.02	.05	.05
Agriculture	.36	.35	.53	.14	.30	.32	.35	.35

TABLE B.—REVENUES—*contd.*

	1924- 25.	1925- 26.	1926- 27.	1927- 28.	1928- 29.	1929- 30.	1930- 31.	1931- 32.
Industries ..	..	..	..	..	..	..	..	..
Miscellaneous Departments ..	..	·01	·02	·01	·03	·02	·02	·02
Civil Works ..	·74	·54	·67	·74	·63	·45	·37	·55
Superannuation, Allowances and Pensions ..	·74	1·04	·74	·46	·36	·39	·38	·35
Stationery and Printing ..	·18	·33	·42	·15	·26	·62	·40	·29
Miscellaneous ..	4·89	3·85	4·28	3·93	4·69	6·37	5·08	5·59
Total "Provincial" Subjects ..	75·28	75·29	81·12	79·78	79·17	84·70	71·23	76·93
Customs ..	·01	·03	·02	·02	·01	·02	·01	·02
Taxes on Income ..	6·55	7·85	10·10	9·85	9·73	9·87	9·87	8·89
Opium ..	·72	·69	..	..	..	..	..	..
Interest ..	·49	·46	·76	1·23	·92	·77	·77	·93
Currency ..	·09	·09	·07	·07	·06	·07	·07	·07
Total "Central" Subjects ..	7·86	9·12	10·95	11·17	10·72	10·73	10·73	9·81
GRAND TOTAL ..	83·14	84·41	92·07	90·95	89·89	95·43	81·95	86·74

(6) *Analysis of expenditure and of its growth.*—The total 1931-32 grant for the province is 246·78 lakhs. This figure, however, does not include expenditure incurred in the North-West Frontier Province but included in other grants, e.g., Civil Works, Irrigation, Pensions, etc. The "area" grant of 246·78 lakhs may be analysed as below :—

(1) Expenditure on the collection of Land, Forest and other revenues ..	18·81
(2) General Administration	18·89
(3) Law and Order	172·84
Administration of Justice	7·90
Jails	10·08
Police	31·85
Political	27·16
Frontier Watch and Ward	95·85
(4) Ecclesiastical	·86
(5) Education	22·11
(5) Medical	8·27
(7) Public Health	1·29
(8) Agriculture, Veterinary, Co-operative Credit, Museum, Provincial Statistics and Miscellaneous Departments.	2·92
(9) Miscellaneous	·79

246·78

The reasons for the growth of expenditure will, as far as practicable, be explained as part of our proposals, under the account heads concerned. We may, however, give a broad outline of the more important ones here. After

NOTE.—Political expenditure has been shown under "Law and Order", because in fact it represents expenditure on the maintenance of "Law and Order" in the tribal territory; it is not our intention to suggest that it should all be classified as "provincial" for purposes of the reformed constitution.

explaining that the net increase of expenditure on what may be termed "provincial" subjects during the six years ending with 1929-30 was about 60 lakhs, Mr. Jukes said :—

- " (a) Expenditure of 5·52 under Forests and Irrigation is expected to prove remunerative.
- (b) 35·52 under Civil Works is largely due to the requirements of the defence of the North-West Frontier of India, which is properly classed as a central subject.
- (c) A further sum of about 5·50 is purely non-recurrent expenditure.
- (d) The balance of about 11·50 is due, in the main, to general growth of work under General Administration, Administration of Justice, Jails and Police, to the requirements of the five-year programme of educational expansion and to the development of Veterinary and Co-operative services."

As regards "central" subjects, he observed that the growth of expenditure was almost entirely confined to "political" and "frontier defence".

He further remarked that during this period the real increase in the revenues of the province including revenues of a "central" character was only two lakhs. Considering that "central" revenues alone rose by 2·15 lakhs it may be said that provincial revenues remained almost stationary except that under irrigation and forests there was a growth of 7·43 lakhs, which, however, was merely the normal result of additional productive capital outlay. To sum up, expenditure grew in these six years by nearly 67 lakhs of rupees, but revenues rose *really* by only 2 (though *nominally* by 14½) lakhs.

Taking into consideration the expenditure on Frontier Watch and Ward and on the buildings and communications in connection therewith the North-West Frontier Province is now a "deficit" province to the extent of 268·74 lakhs. Even if the "provincial" figures of revenue and expenditure are considered, the excess of expenditure over revenue is 115·22 lakhs. This calculation, however, assumes that the entire existing expenditure on General Administration, Police, Civil Works, Pensions, Stationery and Printing and Miscellaneous, is "provincial". Such an assumption would not be correct, but we cannot sort out these charges into "central" and "provincial".

(7) *Inchcape Proposals*.—The Inchcape Committee observed that expenditure on the North-West Frontier Province had grown from 122·41 in 1913-14 to 277·21 in 1922-23, while the revenue had grown from 47·53 to only 73·40 and remarked as below :—

"The great increase in the case of this administration has attracted much attention in the Legislature and elsewhere and a local Retrenchment Committee was appointed to consider the possibilities of effecting economies. Of the total increase of 154·80 no less than 135·22 has occurred under the following four heads :—

	1913-14.	1922-23.
Political	Rs. 31,60,000	Rs. 1,18,51,000
Police	17,05,000	47,78,000
General Administration	5,93,000	17,38,000
Education	4,88,000	11,05,000
Total ..	59,46,000	1,94,72,000

The increase under Political and Police is mainly due to special measures adopted for the defence of the North-West Frontier."

We may observe that expenditure under "Political" which then included Frontier Watch and Ward has since 1922-23 grown from 118·51 to 133·71 in 1930-31. Expenditure on General Administration has also grown from 5·93 in 1913-14 and 17·38 in 1922-23 to 18·89 in 1931-32. These two heads show how expenditure in this province has been growing apace since 1913-14.

The following table shows the expenditure in 1913-14, 1922-23, 1924-25 and 1931-32 as also the savings proposed by the Inchcape Committee under each head of account:—

	1913-14.	Budget 1922-23.	1924-25.	Savings proposed by the Inchcape Committee.	Budget 1931-32.
Land Revenue	4·97	5·28	6·44	1·68	3·45
Forests	1·31	7·50	5·89	NJ.	9·03
Irrigation	7·04	10·27	24·36	NJ.	22·54
General Administration ..	5·93	17·38	16·33	NJ.	20·19
Administration of Justice	4·70	4·58	5·62	·30	7·90
Jails	2·10	5·58	5·92	·25	10·08
Police	17·05	47·78	27·02	·19	31·85
Political and F. W. W. ..	31·60	1,18·51	1,14·80	26·27	1,23·01
Education	4·88	11·05	11·75	1·66	22·11
Civil Works	34·83	32·05	50·98	NJ.	77·25
Other heads of account ..	8·00	17·25	6·94	5·67	28·07
	1,22·41	2,77·21	2,76·05	36·02	3,55·48

(8) *Departmental proposals.*—The Department originally surrendered 7·59 lakhs from the total sanctioned grant of 246·78 lakhs (1931-32) for the North-West Frontier Province, and at the same time offered to scrutinise the feasibility of further retrenchment. The cuts made were mostly of a temporary nature.

Subsequently the following savings were informally offered. In certain cases the offers were revised in the course of the oral evidence. We show below the offers (original and revised).

	First offer.	Second offer.
Land Revenue		·10
Forests		·93
Excise, Stamps and Registration		·22
General Administration ..	3·92	1·02
Ecclesiastical		·07
Political		1·24
Medical		·25
Public Health		·17
Agriculture, etc.		·13
Miscellaneous		·04
Administration of Justice	·70	·68
Jails	1·90	1·02
Police	2·34	2·11
Frontier Watch and Ward ..	3·64	3·04
Education .. ..	..	2·37
	12·50	13·39

It will be seen that while expenditure has been growing almost steadily, the ratio of surplus to expenditure has, broadly speaking, been declining. The bulk of the expenditure, viz., 6·47 out of 9·03 lakhs is for conservancy and works. The noticeable reasons for the growth of expenditure since 1924-25 are :—

- (i) The introduction of several revised working plans and more extensive timber extraction and resin and fuel operations.
- (ii) Conversion of a post of Deputy Conservator into that of a Conservator and the creation of an additional Indian Forest Service post in connection with the formation of a new forest division at Peshawar.
- (iii) The introduction of incremental scales of pay.
- (iv) Grant of special pay of Rs. 50 per mensem to Extra Assistant Conservators.
- (v) Appointment of additional staff and grant of increased compensatory allowances and other concessions to the office staff of the Deputy Conservator of Forests.
- (vi) Certain changes of accounting, whereby provision is being made for *Interest and Capital Outlay charged to Revenue*, have also brought about some nominal increase in expenditure.

Mr. Jukes referred to the tendency to overestimate revenue and gave the estimates of 1929-30 and 1930-31 as instances of such a tendency.

In reply to our questionnaire enquiring whether the forests in the North-West Frontier Province can be regarded as self-supporting, when pensionary charges and other items of real expenditure are taken into account, the Department informed us that taking pensionary charges into account the Hazara forests by themselves were self-supporting and that it was hoped that the Peshawar Division would also become self-supporting after some time. It also replied that the rates charged to the army department for forest produce, especially fuel and timber, "are reported to be fair market rates". In view of the small margin between revenue and expenditure we enquired whether capital expenditure could not be suspended for a term of years. The department replied that in the existing circumstances revenue could be increased only if the condition of the market improved, and that all proposed developments were expected to bring revenue in course of time and Government were likely to be faced with heavy expenditure in future if the measure now contemplated for the prevention of further denudation and increased floods were not continued. Originally a saving of ·88 lakh was offered by the department for 1931-32 but it is not known what portion of this amount was intended to be permanent reduction of expenditure.

In the course of its oral evidence, the department has offered to effect savings of ·93 lakhs.

As regards staff, a Deputy Conservator on Rs. 950 per mensem has been replaced by a junior Indian Forest Service officer on Rs. 425 per mensem and the posts of three Rangers, three Deputy Rangers, four Guards and five

temporary clerks have been left unfilled. Beyond this the Department considers it impossible to go without seriously affecting the efficiency of management, adding that "establishment expenditure in the North-West Frontier Province actually compares very favourably with that in other provinces".

Our proposals.—We notice that revenue has not increased commensurately with the growth of expenditure and we are not sure that taking all items of real expenditure into account forest operations do not involve actual loss to Government. We consider that the department's offer to save .93 is inadequate. In times of financial stress like the present, forest schemes involving capital outlay, whether financed from revenues or otherwise, should be slowed down.

We suggest that the provision should be reduced by two lakhs. We realise that the reduction of expenditure as suggested by us will be accompanied by a reduction of receipts, but we expect the administration to give effect to the cut proposed by us in such a way as to cause the minimum diminution of revenue. The expenditure should be overhauled after a thorough scrutiny so as to make the forests of the province not only self-supporting but also a source of real revenue.

(iii) *Account III.—Other Direct Demands on the Revenue.*

The total provision under this head is 6.33 and is made up of 5.97 for Excise, .21 for Stamps and .15 for Registration.

In pursuance of the accepted policy, viz., that "duty should follow consumption" the North-West Frontier Province now receives as revenue the duty on liquor consumed in the province, but pays to the Punjab and the United Provinces compensations aggregating 4.47 lakhs for the loss of revenue (in the form of still-head duty) which is said to have been taken into calculation at the time of the Meston Settlement. The actual calculation is stated to have been based on the receipts during the three years prior to 1921. Of the remaining 1.50 lakhs, .48 represents the cost of opium supplied to the Excise Department of the North-West Frontier Province, while .15 is provided for the payment of compensations. Thus, our proposals for retrenchment can only apply to the remaining .87 lakh in respect of Excise, .21 in respect of Stamps and .15 in respect of Registration, i.e., to 1.23 lakhs in all.

The Department has offered a saving of .22, i.e., of nearly 18 per cent. of the provision amenable to retrenchment. We consider the offer satisfactory and recommend its acceptance.

(iv) *Account IV.—Irrigation.*

There is no provision in the "area" grant for 1931-32 under this head. The Public Works and Audit and Accounts Departments Sub-Committee has already reviewed this expenditure.

(v) *Account V.—General Administration.*

The province has at its head a Chief Commissioner under the direct control of the Government of India. On him devolve the ordinary administrative functions of a Local Government in respect of the five settled and administered districts. In respect of the tribal area he is also Agent to the Governor-General.

Growth of Expenditure.—The expenditure under this head has fluctuated as below:—

	1913-14.	1922-23.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1931-32.
A.—Chief Commissioner	1-25	1-80	1-60	1-51	1-51	1-48	1-80	1-63
B.—Secretariat	2-13	1-74	1-95	1-97	2-08	2-02	2-14	2-04
C.—Local Fund Audit06	.05	.06	.07	.07	.12	.11
D.—Revenue Commissioner	1-32	1-30	1-50	1-59	1-58	1-58	1-70	1-67
E.—Development Commissioner60
F.—District Establishments	13-26	11-43	11-36	11-65	11-91	12-16	12-38	12-73
G.—Miscellaneous Discretionary grants.06	..	.07	.07	.09	.10
	*10-53	17-96	16-33	16-52	16-78	17-22	17-36	18-23	18-88

*Approximate.

A. We observe that the pay attached to the Chief Commissioner's post was raised with effect from 31st August 1927 from Rs. 4,000 to Rs. 5,500. His sumptuary allowance was, however, reduced from Rs. 12,000 to Rs. 6,000 per annum. He gets a fixed travelling allowance of Rs. 3,000 per annum. There has been no change in recent years in the personal staff of the Chief Commissioner consisting of a Personal Assistant on the scale applicable to the Political Department, an Indian Assistant (Rs. 300—850), who is borne on the cadre of Extra Assistant Commissioners, two clerks and 21 servants.

B. As regards his secretariat, the staff and expenditure have varied as shown below:—

Expenditure.	1922-23.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
Pay of officers63	.52	.55	.53	.58	.56	.55	.49
Pay of establishment78	.71	.79	.83	.92	.87	.91	1-02
Allowances22	.09	.11	.16	.17	.14	.19	.12
Supplies and Services50	.42	.50	.44	.41	.44	.49	.92
Contingencies								
Grants-in-aid01	..	.01	..	..	.01
	2-13	1-74	1-95	1-97	2-08	2-02	2-14	2-53	2-04
Numbers.									
Officers	3	4	4	4	4	4	4
Clerical	32	38	46	46	46	46	46
Inferior	28	32	33	33	33	33	33

The Secretariat consists of two Secretaries on the Foreign and Political Department scale of pay, one Assistant Secretary (Rs. 500—850), a Mir Munshi (Rs. 300—850), 43 ministerial and 33 servants.

C. *Local Fund Audit.*—The expenditure varies with the receipts and expenditure of the local funds concerned and, so far as we can ascertain, is recovered in full from those funds.

D. *Revenue Commissioner*.—The staff and expenditure of the Revenue Commissioner and his office have varied as shown below :—

	1922-23.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
Pay of officers	·36	·42	·52	·52	·55	·50	·64	·53	·53
Pay of establishment	·67	·60	·62	·69	·71	·73	·73	·77	·80
Other charges	·29	·28	·36	·38	·32	·33	·33	·36	·34
Total	1·32	1·30	1·50	1·59	1·58	1·56	1·70	1·66	1·67
Officers .. ..	..	..	2	3	3	3	3	3	3
Clerical .. ..	..	..	32	41	40	40	41	41	41
Inferior .. ..	..	..	28	28	28	28	28	28	28

The principal reasons for the growth of expenditure are :—

- (i) Conversion of a post of Registrar into that of an Assistant Secretary.
- (ii) Revision of the pay of the staff in 1925-26.
- (iii) Addition to the clerical establishment.

E. *Development Commissioner*.—The 1931-32 budget contains a new provision of Rs. 60,000, *viz.*, Rs. 36,000 for the pay of the Development Commissioner and Rs. 24,000 for his staff. In the course of its oral evidence, the Foreign and Political Department stated that this post would not be continued, but we hold that the new constitution for the province will undoubtedly involve the creation of certain high posts.

F. *District Establishment*.—The strength of the staff and the expenditure on the District Establishment have varied as shown in the following two tables :—

	1922-23.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
Pay of officers	4·19	3·88	3·64	3·57	3·63	3·64	3·73	3·94	3·96
Pay of General Establishment	2·15	2·14	2·14	2·13	2·14	2·26	2·33	2·42	2·51
Pay of Treasury Establishment	·41	·42	·46	·45	·48	·47	·45	·49	·49
Pay of Sub-Divisional Establishment.	1·75	1·49	1·62	1·67	1·71	1·63	1·70	1·74	1·71
Pay of other establishments	·21	·27	·58	·30	·37	·41	·41	·42	·41
Travelling allowances .. ..	..	·96	·83	·84	1·12	1·15	1·07	1·06	1·06
Other allowances .. ..	..	..	·21	·80	·64	·76	·83	·84	·86
Supplies and Services .. ..	..	·03	·04	·04	·03	·01	·01	·02	·01
Contract Contingencies .. ..	..	..	1·33	1·34	1·32	1·26	1·26	1·34	1·19
Other Contingencies .. ..	..	..	·50	·53	·47	·55	·59	·54	·52
Grants-in-aid .. ..	..	..	..	..	..	·02	..	·01	·01
Total	13·25	11·43	11·35	11·67	11·91	12·16	12·38	12·82	12·73
Numbers.									
Officers .. ..	..	..	..	..	37	39	..	40	40
General Establishment .. ..	..	..	..	..	364	358	..	367	370
Treasury Establishment .. ..	..	..	..	..	36	40	..	35	39
Sub-Divisional Establishment .. ..	..	..	..	..	426	422	..	429	424

Apart from the accrual of annual increments, the main reasons for the growth of expenditure between 1924-25 and 1929-30 were :—

- (i) The appointment of an Extra Assistant Commissioner with his staff in 1925-26 for the disposal of judicial work formerly dealt with by the Cantonment Magistrate of Peshawar.
- (ii) Revision of pay in 1925-26.
- (iii) Addition to the sub-divisional establishments in 1927-28 and to other establishments in various years.

G. *Miscellaneous Discretionary Grants*.—Expenditure under this head is of a fluctuating nature.

Departmental Offer.—The Department originally offered a saving of Rs. 57,700, but in the course of its oral evidence it offered to raise the figure to 1.02 lakhs.

Our Proposals.—We recognise that the constitution of the North-West Frontier Province into a Governor's province will cost more than at present. So far as we can gather, the new constitution provides for the following new posts :—

- (i) an Executive Councillor,
- (ii) a Minister, and
- (iii) a Secretary to the Local Government in the Transferred Departments.

We can make our proposals only on the basis of the present scale of expenditure. We are content to accept the Departmental offer of 1.02 lakhs, provided the savings offered are genuinely permanent. We consider that it should not be difficult to effect economy and may proceed to mention a few concrete cases illustrating the manner in which it can be brought about—

- (a) But for the fact that the status of the province is going to be raised, we might have suggested a revision of the pay, allowances and other emoluments of the head of the province.
- (b) We recommend that the provision for tour expenses (Rs. 35,500 in 1931-32) should be substantially curtailed, the Chief Commissioner voluntarily curtailing certain of his privileges.
- (c) We think it should be feasible to amalgamate the post of Mir Munshi in the secretariat with that of the Indian Assistant or Registrar.
- (d) One of the two posts of Assistant Secretary and Personal Assistant to the Revenue Commissioner might be abolished, unless the nature of work in connection with the inauguration of the new constitution requires the retention of both posts. The number of Deputy, Assistant and Extra Assistant Commissioners' posts might be reduced. We see no justification for the increase from 16 to 18 in the number of Deputy and Assistant Commissioners' posts in 1925-26. At the same time we note that the number of subordinate gazetted officers remains the same. Apart from

savings on pay the reduction in the strength will yield certain "consequential" savings under "establishment", "allowances" and "contingencies".

(vi) *Account VI.—Administration of Justice.*

The table below shows the progress of expenditure :—

	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
Law Officers	·36	·39	·39	·44	·43	·49	·59	·53
Judicial Commissioner	·79	·80	1·20	1·27	1·30	1·34	1·35	1·37
Civil and Sessions Courts	3·38	3·75	3·84	4·12	4·18	4·23	4·32	4·40
Criminal Courts	1·08	1·27	1·58	1·59	1·64	1·64	1·64	1·60
	5·61	6·21	7·01	7·42	7·55	7·70	7·90	7·90

The principal reasons for this growth were :— (i) The appointment of an Additional Judicial Commissioner with the necessary staff with effect from 1st April 1926 in accordance with the recommendation of the Bray Committee that the principal court of this province should have not one but two judges. (ii) The province used to have two District Judges but a third post was made permanent before 1924. A fourth judge has had to be appointed from time to time to clear off the arrears. (iii) Increments, revisions of pay and increase of staff. The following table shows the total number of cases, civil and criminal, disposed of in the various courts of the province. The number of judges available has also been shown side by side with the number of cases :—

Court.	No. of Judges.			Cases disposed of.		
	1913.	1924.	1930.	1913.	1924.	1930.
Judicial Commissioner	1	1	2	750	1,234	1,248
District Courts	2½*	3	3½*	1,644	2,371	2,741
Senior Subordinate Judges	4	5	5	1,547	2,127	2,704
Judicial Extra Assistant Commissioners		4⅓*	4		2,812	3,263

* This denotes that an additional officer was employed to cope with the arrears, etc., for a part of the year in question.

Departmental Proposals.—In the course of its oral evidence, the Department offered a saving of ·68 lakh. We, however, consider that in this province nothing should be done to hamper the development of a proper modern judicial system and in fact every attempt should be made to inspire the population of this province with respect for the judiciary so that disputes could be settled not by the arbitrament of the rifle but by a trained and dependable judiciary. We therefore propose that the Department should not be pressed to offer any further saving, and recommend that its offer of ·68 lakh be accepted. We are not sure that this sum covers the temporary post of Additional Judge at Peshawar, but we record our opinion that it seems unnecessary to retain him. If at a later stage pressure of work justifies the revival of the post, it might then be revived.

(vii) *Account VII.—Jails.*

Even during the past eight years the expenditure on Jails and Convict Settlements shows an enormous rise, viz., from 5·93 in 1924-25 to 10·08—the

budget provision for 1931-32. It will also be noticed from the following table that the growth of expenditure has been going on uninterruptedly from year to year:—

	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
Pay of officers .. .. .	.24	.23	.24	.26	.28	.28	.31	.32
Pay of establishments	1.32	1.40	1.47	1.53	1.73	1.81	1.99	1.99
Allowances, etc. .. .. .	.04	.06	.05	.05	.08	.10	.10	.09
Dietary Charges	1.49	2.24	2.26	2.60	2.48	2.86	3.00	2.71
Other Supplies	1.26	1.13	1.48	1.51	1.67	1.88	2.16	1.82
Contingencies .. .. .	.18	.20	.27	.26	.21	.21	.23	.22
Lump provision for establishment and other charges for the Haripur Jail. .. .. .	..	..	..	..	..	..	..	1.98
Charges paid to other Governments, etc. .. .. .	.74	.79	.59	.42	.29	.22	.15	.12
Deduct cost of convict labour supplied to Jail Press. .. .. .	..	..	—05	—14	—14	—14	—14	—14
Jail Manufactures .. .. .	.65	.52	.61	.75	.95	1.02	1.04	.97
	5.92	6.57	6.92	7.24	7.55	8.24	8.84	10.08

Mr. Jukes remarked that the growth of expenditure may be generally ascribed to the growth of the jail population, as much as 1.69 lakhs being due to increased outlay on dieting and on supplies and services. Additional posts were sanctioned in 1925-26, 1927-28 and 1928-29 with the result that the establishment which was 330 in 1926-27 now numbers 430. A whole-time post of Superintendent was created in 1928-29 for the Peshawar Jail, while two posts of Jailors were converted into those of Superintendents. A new provision of 1.98 lakhs has been made in the 1931-32 budget for the opening of the new Central Jail at Haripur which has been constructed at a cost of 22.43 lakhs.

Departmental offer.—In the course of its oral evidence, the Department offered a saving of 1.02 lakhs. We do not know how much out of this amount represents a permanent saving.

Our proposals.—We consider the departmental offer inadequate. We hold that neither the growth of the jail population nor the construction of a new central jail afford a favourable comment on the administration of the province. Having regard to the creation of the new province we trust that with the development of new activities it may be possible to effect larger economies in the expenditure on jails. We recommend that the jail budget should be reduced to approximately the level of the budget provision for 1929-30. This will yield a saving of two lakhs. We must, however, make it clear that we recommend no reduction whatever in the scales (qualitative and quantitative) of dieting, clothing and other facilities, amenities or concessions available to prisoners confined in the jails of this province with its trying extremes of climate. To the extent that a fall in prices enables any reduction to be made in the provision for jails, we have of course no objection to such reduction.

(viii) Account VIII.—Police.

Expenditure has grown as shown below :—

	1924- 25.	1925- 26.	1926- 27.	1927- 28.	1928- 29.	1929- 30.	1930- 31.	1931- 32.
Superintendence	1-00	·95	1-03	1-07	1-09	1-16	1-34	1-18
District Executive Police	23-50	24-13	24-34	24-07	24-70	25-96	31-82	28-20
Railway Police	·96	·99	·93	1-01	1-26	1-02	1-06	1-06
Police Training School Establishment charges paid to other Governments, etc.	·38	·11	·10	·10	·11	·10	·15	·10
Criminal Investigation Department	1-15	1-13	·88	1-11	1-15	1-18	1-58	1-26
Cattle Pounds	·03	·02	·03	·03	·03	·03	·03	·03
Miscellaneous	·02	·02	·02	·02	·01	·02	·02	·02
<i>Deduct</i> Probable savings .. .. .	..	..	..	..	..	..	—80	..
Total	27-04	27-35	27-33	27-41	28-35	29-47	35-20	31-85

During the period 1924-25 to 1931-32 police expenditure has grown from 27·04 to 31·85, *i.e.*, by a little under 5 lakhs. The peak was reached in 1930-31. As regards the strength of the police force, including the mounted police, we observe that the "Detailed Estimates" of the N. W. F. P. do not, unlike those of Delhi, give any numbers; we are therefore unable to ascertain whether and to what extent the police force has grown.

Analysing the causes of the growth of expenditure Mr. Jukes observed that between 1924-25 and 1929-30 an expansion of the police force costing an additional 1·10 lakhs (approximate) had taken place. In 1924-25 two new posts of a Superintendent and an Assistant Superintendent were created. In 1926-27 the post of Prosecuting Inspector was converted into that of a Deputy Superintendent. Increases in the police force were sanctioned in 1925-26 and 1927-28 for Dera Ismail Khan and Bannu respectively. The budget for 1931-32 includes a provision of 1·45 for the employment of temporary additional police in connection with the disturbances on the frontier and for the protection of railways and of ·67 for the replacement of arms and ammunition. The pay and allowances were also revised in 1929-30, on the lines followed in the Punjab.

Departmental offer and our proposals.—In the course of its oral evidence the Department offered a saving of 2·11 lakhs but we do not know what portion of this offer represents a permanent reduction of expenditure. Even after making allowance for the peculiar conditions prevailing in this province, we consider that a provision of 31·85 lakhs for the purpose of policing a province of this size is considerably in excess of its requirements. We notice that the revised estimates for 1931-32 exceed this figure by as much as 2·05 lakhs. The growth of police expenditure at this rate in a period of falling prices fills us with a feeling of uneasiness; under its reformed constitution the province will find such

expenditure a heavy drain on its resources. We recognise that the ordinary district police in this province has to be better armed and equipped and has to work in effective co-operation with the Frontier Constabulary and certain other "civil forces" which are maintained for the defence of the border and to deal with trans-frontier crime. Even then we consider that the expenditure can and should be substantially curtailed. We propose a normal provision of 27 lakhs on the current year's basis. We may add that our proposal will still give the province a police grant which is only about Rs. 40,000 less than the actuals of 1927-28 and only about a quarter of a lakh less than the average (*viz.* 27.28) of the four years 1924-25 to 1927-28. "Police" will soon become a provincial subject and notwithstanding the Government of India's statutory right of "superintendence, direction and control" in respect of "reserved" subjects the province will enjoy a larger measure of independence as regards its police arrangements than it does at present. We therefore do not consider it necessary to work out the details of the reduction proposed by us.

(ix) *Account IX.—Ecclesiastical.*

We have already dealt with this non-voted expenditure in Part II of our Report. We have there taken into account the savings accruing from our recommendations. (*Vide* para. 15 of Chapter I and Chapter XX).

(x) *Accounts X and XI.—Political and Frontier Watch and Ward.*

In this province and in Baluchistan it is not easy to separate the expenditure on "Political" and on "Frontier Watch and Ward"; the functions of the Political Agencies include the policing and administration of the frontier (in the N. W. F. P. only the Kurram valley is administered) and co-operation in its defence. The maintenance of friendly relations with the tribes and ordinary administration have a special bearing on the defence of India on the N. W. frontier as an army problem. Political and defence problems being so intimately interwoven, it is, we consider, better to deal with them together. As a matter of fact, expenditure on both used, until 1926-27, to be shown in one place under the account head "Political" and it was only with effect from 1927-28 that a separate head called "Frontier Watch and Ward" was opened. The expenditure has varied as shown below:—

	1924-25.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
Political	} 1,14.14	} 1,19.58	} 22.65	} 23.87	} 24.38	} 32.31	} 27.16
Frontier Watch and Ward..								} 94.96	} 93.84	} 95.11	} 1,01.40	} 95.85
	1,14.14	1,19.58	1,17.61	1,17.71	1,19.49	1,33.71	1,23.01

Political.

Political expenditure.—This has during the last five years grown from 22.65 (actuals for 1927-28) to 27.16 (1931-32). In fact, the revised estimate for 1930-31 was 32.31 and it is unlikely that with political disturbance prevailing in the province expenditure in the current year will be very much less than in

1930-31. The following table shows the growth of Political expenditure under various heads :—

	1924-25.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
A. Political Agents	7·91	6·77	7·68	7·57	10·93	7·2
B. Educational Establishments in the Agencies.	1·29	1·30
C. Medical	1·23	1·35	1·43	1·63	2·03
D. Allowances to tribes	7·91	8·47	8·12	8·29	8·28	8·26
E. Political subsidies ..	22·11	·12	·12	·42	·42	·42	·42
F. Entertainment charges	3·25	3·17	3·43	3·86	5·70	3·75
G. Refugees and State Prisoners.	..	·06	·09	·08	·09	·07	·07
H-I-3. Miscellaneous	3·31	2·80	2·79	2·72	3·40	3·19
H-4. Forest Conservancy in the Agencies.	·45	·83
H-5. Educational Establishments in tribal areas.	·14	·10
Total ..	22·11	22·66	22·65	23·87	24·38	32·31	27·16

The expenditure may be explained under each head.

A. *Political Agents*.—There are, at present, five Political Agencies, each in charge of a Political Agent, viz. (i) Malakand Agency which includes Chitral and Dir and Swat, (ii) Khyber, (iii) Kurram, (iv) North Waziristan and (v) South Waziristan. For Waziristan as a whole there is also a Resident (on a pay of Rs. 3,000). The Political Agents get pay on the Political Department scale. These agencies control the major portion of the tribal area, the remainder being under the political control of the Deputy Commissioners of the adjoining settled districts. We have already remarked that the only part of the tribal territory where there is any substantial attempt at administration is in the Kurram and Tochi Valleys. Apart from this semi-administered area which acts as a wedge between Waziristan and the tribal area inhabited by Mahsuds, Mohmands, Afridis and other tribes, there has been no attempt to occupy and administer any portion of tribal territory except Wana in South Waziristan and the Sherani country. Till the third Afghan War the accepted policy was to pay the tribesmen to protect their own country and also not to molest the Indian border. The experience of that war, however, led to the evolution in Waziristan of the policy of "peaceful penetration" of the tribal territory, the object in view being to "civilise" the tribes by providing avenues of useful employment and in other ways improving their economic condition. We are not satisfied that this policy has yet been carried out to an adequate extent, but we have no doubt that it holds a greater promise of abiding results than the policy of forcible occupation of the tribal area.

The following table shows the expenditure during the last five years on the various sub-heads under Political Agents :—

	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
Pay of officers	2·21	2·03	2·26	2·20	2·44	2·17
Pay of Establishment	2·16	2·03	2·23	2·14	1·92	2·01
Allowances, etc.	·99	1·02	1·13	1·14	1·10	·94
Supplies and Services	·48	·42	·42	·52	2·42	·48
Secret Expenses	·21	·20	·23	·24	·31	·22
Contingencies	1·58	1·04	1·39	1·30	1·66	1·28
Grants-in-aid	·07	·02	·02	·02	1·08	·02
Works	·21	·02	..	..	..	·09
Total	7·91	6·78	7·68	7·56	10·93	7·21

We are not sure that in view of the disturbed conditions that have prevailed since April 1930 the actuals of 1931-32 will not materially exceed the earlier expectations. We may draw attention to certain sub-heads, the 1930-31 estimates for which showed appreciable rise compared with expenditure in the preceding years, viz., supplies and services, secret expenses, contingencies, grants-in-aid and works. These are the type of sub-heads under which in disturbed times expenditure is likely to go up much more than in the case of others.

B. *Educational Establishments in the Agencies (1·30)* ; H-4—*Forest conservancy in the Agencies (·83)* ; H-5—*Educational establishments in the tribal areas (·10)*.—These call for little comment. The provision of facilities for education and expenditure on the conservation of forests are, and should be, treated as essential parts of the accepted policy of peaceful penetration.

C. *Medical Establishments*.—The following table shows the growth of expenditure since 1927-28 :—

	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
Pay of officers	·33	·43	·45	·42	·44
Pay of Establishments	·36	·35	·37	·42	·43
Allowances, etc.	·08	·08	·09	·12	·09
Grants-in-aid .. .. .	..	..	..	·01	·01
Supplies and Services	·26	·24	·30	·35	·35
Works .. .. .	..	..	..	·11	·52
Contingencies	·20	·25	·22	·20	·19
Total	1·23	1·35	1·43	1·63	2·03

We may remark that the provision for 1931-32 includes a non-recurring item of ·52 for the construction of a Civil Hospital at Miran Shah. Even if this item be excluded from consideration, medical expenditure has been growing without interruption, which was only to be expected.

D. *Allowances to tribes (8·26)*.—The provision for 1931-32 is 8·26 lakhs and the expenditure has been more or less steady. The allowances are payable

under definite agreements entered into with the tribes. They represent either compensations for the surrender of rights or claims to collect tolls or payments for the protection of certain roads, canals, railways, etc., or payments for the acquisition of the right to build roads, posts, etc., in the tribal territory and are in all cases conditional on good behaviour.

E. *Political Subsidies* (.42).—A subsidy of .42 is paid to His Highness the Mehtar of Chitral. The initial amount fixed in 1895 was Rs. 12,000 per annum and continued until 1928-29, when it was raised to Rs. 42,000.

F. *Entertainment Charges* (3.75).—This expenditure is of a fluctuating nature and depends upon the number and rank of the men from the tribal area who come to attend various jirgas.

G. *Refugees and State Prisoners* (.07).—This is self-explanatory.

H. *1 to 3 Miscellaneous*.—The 1931-32 provision under these three items under H. Miscellaneous is 3.19 lakhs as below :—

	1931-32.
Pay of Officers .. .. .	.06
Pay of Establishment .. .. .	.29
Other Charges .. .. .	..
Secret service money .. .. .	.47
Protection from raids .. .. .	.31
Cost of Arms and Ammunition .. .. .	.10
Office expenses and Miscellaneous	1.36
Miscellaneous Political Expenditure .. .. .	.16
Postage and Telegram charges .. .. .	.36
Travelling Allowances .. .. .	.08
Total	3.19

Departmental offer.—Originally the Department could offer only .20 under this head. In the course of the oral evidence of its representatives, however, the amount offered was raised to 1.24. We have been supplied with no further details and are unable to ascertain what portion out of this amount represents a permanent reduction of expenditure.

Our Proposals.—We observe that besides a Political Agent for Northern Waziristan and one for Southern Waziristan, there is also a Resident for Waziristan as a whole. *Prima facie*, we consider that this is a superfluous post. We appreciate the benefit of co-ordinated policy for Waziristan as a whole but we do not consider that the retention of a Resident for the supervision of the work of only two political agencies is a *sine qua non* in the interests of such co-ordination. The conditions on the frontier are such that co-ordination of policy is desirable not only for Waziristan but also for the tribal area as a whole, and such co-ordination ought to be ensured by the fact that the Chief Commissioner is also Agent to the Governor-General for the entire tribal area.

Again, so far as we can ascertain, the 1931-32 Estimates make a provision for six Political Agents and as many as seven posts of Assistant Political Agents, *viz.* two for North Waziristan, two for South Waziristan, one for

Dir and Swat, one for the Kurrum Valley Agency, and one for Khyber Agency. In fact we observe (*vide* the Quarterly List) that on 1st October 1931 there were only the following Political Agents and Assistant Political Agents actually on duty :—

- (1) Political Agent, Dir and Swat and Chitral.
- (2) Assistant Political Agent at Chitral.
- (3) Political Agent, Khyber.
- (4) Political Agent, Kurrum.
- (5) Political Agent, North Waziristan.
- (6) Assistant Political Agent, North Waziristan.
- (7) Political Agent, South Waziristan.
- (8) Assistant Political Agent, South Waziristan.

That list showed one more post, *viz.*, that of an additional Assistant Political Agent for South Waziristan, but the post was shown as lying vacant. We recommend that the question of reducing the number of Assistants' posts should be taken up by Government, and that if the budget provision is in excess of the sanctioned number or the number likely to be required, efforts would be made to ensure that the excess provision is not needlessly spent.

As regards the number of Political Agencies, we may remark that the Inchaape Committee did "not consider that, when conditions in Waziristan have settled down, it should be necessary to maintain a Resident in Waziristan as well as a separate Political Agent at Wana". It recommended "that the question of the abolition of one of these appointments should then be taken up and a reduction of at least Rs. 50,000 effected." We also hold the same view, except that we think that it is the Resident's post that should be abolished rather than that of the Political Agent at Wana.

We are unable to calculate precisely the savings that would result from the scrutiny recommended by us. Assuming, however, that the Waziristan Residency and one of the political agencies and two or three Assistant Political Agents' posts are abolished, the savings might well be about a lakh of rupees per annum. In addition to this we recommend that the grants under the head "Political" should be reduced by 1.75 lakhs as below :—

Entertainment charges	..	..	..	..	..	..	1.00
H.-3—Miscellaneous—Other Charges	..	..	..	..	..	..	.50
Other heads	..	..	..	..	..	..	.25
						Total	1.75

We thus recommend that the grant should be reduced by 2.75 lakhs in all.

(xi) *Account XI.—Frontier Watch and Ward.*

Introductory.—In spite of her land! frontier of over 6,000 miles, India enjoys, at any rate along a major part of frontier, a certain degree of natural protection. The problems of defence along the northern and the eastern frontiers, though not non-existent, are comparatively speaking unimportant. It is mainly on the north-west frontier that her problems are, as they have throughout history been

of a serious nature. It is this frontier which has seen the march of invading peoples into India and sometimes of Indian armies into Afghanistan and Russian and Chinese Turkestan. We shall deal with the questions relating to the Watch and Ward of the northern and the north-eastern frontier under the head Frontier Watch and Ward. Here we propose to confine ourselves to the Watch and Ward of the north-western frontier, *i.e.*, to the tract of country from the Hindu Kush mountains down to the Arabian sea. This frontier concerns two provinces which are at present both "minor administrations," *viz.*, the North-West Frontier Province and Baluchistan. We have already described the nature of the administrative border and the Political frontier known as the Durand Line. The western fringe of the five settled districts of the North-West Frontier Province, *i.e.*, the administrative border, is dotted by cantonments or defence posts held by the regular army, militia, Frontier Constabulary or Khassadars. This chain of cantonments and posts is flanked by the large military cantonments of Peshawar and Quetta. It should, however, be borne in mind that the cantonments and defence posts are not confined to the eastern side of the administrative border; in a number of places, *e.g.*, in Malakand, Khyber, Kurrum and Tochi, at Razmak and along the Zhob road which runs south of Waziristan, they push forward into trans-border or tribal territory. In spite of the geographical separation caused by the wedge of semi-administered Kurrum valley, the trans-border tribes are in some sort of communication with each other from north to south; and in fact racial, religious and linguistic affinities link them up with the tribes living beyond the Durand Line. The problem of defence along this frontier is thus not merely of local importance, but affects the whole of India.

We have already described the three separate portions of the tribal area, *viz.*, Waziristan (southern and northern), Tirah (the country of the Afridis and Orakzais which lies between the Kurrum valley and the Kabul river) and the country to the north of Kabul river. The conditions in these three areas are not exactly similar. In the northern block, *i.e.*, the one lying to the north of the Kabul river Government's relations with the tribes have since 1897 been satisfactory. Broadly speaking, this part of the tribal area is effectively controlled by the Chiefs, mainly the Mehtar of Chitral, the Nawab of Dir and the Wali of Swat. Further, it is in active trade relations with India and the Swat river canals have helped to provide agricultural and other employment for the local population. Similarly relations with the Afridis and Orakzais have been generally satisfactory until the Afridi incursions of 1930, and there is no attempt at penetration, peaceful or otherwise. It is, however, stated that Waziristan is and has always been more difficult, and its people more intractable, than those of any other of the major divisions of the trans-border tribes. It is held that as one goes from the north to the south in the tribal area, the constitution of tribal society becomes looser and looser. Thus the problem of frontier defence in the narrower sense is more or less confined to Waziristan.

At the same time it will be seen from the figures that have been given (at page 48) that the number of raids and the resultant casualties and the value of property looted have shown progressive and marked decline with the

last ten years. In 1926-27 persons killed were two, wounded six, kidnapped five and value of property looted Rs. 7,095 and in 1927-28 persons killed were four, none wounded, kidnapped 11 and the value of property looted Rs. 15,000.

Further, the fact cannot be denied that several hundreds of crores have been spent on building strategic railways and roads right into the tribal territories. The occupation and development of portions of tribal territories, the policy of subsidies and 'peaceful penetration' together with the modern equipment of the army, especially the air force, should make the problems of coping with tribal raids far easier and less expensive than before. We have indeed already noticed considerable decline in such raids owing to the latter factors.

The problem of frontier defence divides itself into two distinct types, viz., (1) that of holding, in the military sense, the gates that lead from Afghanistan into India, namely the Khyber, Kurrum, Tochi, Gummal and Bolan Passes and (2) the day to day business of watch and ward over the frontier and the administrative border. The maintenance of friendly relations with the transborder tribes is one of the important ordinary functions of the administration of the North-West Frontier Province and, to a smaller extent of, Baluchistan as well. While the political officers try, as best as they can, to guide the tribes along the paths of peace and amity, the army and the various armed civil forces remain ready to meet serious incursions as well as ordinary raids.

Armed "civil" Forces.—We may now give a brief description of the various armed "civil" forces that are maintained for this purpose.

These fall broadly, into two classes (1) those maintained to keep law and order on the eastern side of the border and (2) those which are intended for service in the tribal area across the border.

As in the rest of India, ordinary district police is maintained in the five settled districts. In view of the comparatively unsettled conditions in this province this police is better armed and equipped than civil police forces in the ordinary districts in India, but in other respects its work is similar to that of the latter. Apart from this police a body of armed police called the Frontier Constabulary is maintained for the prevention of raids and the capture of outlaws and raiders, and for the safety of roads and communications by regular patrolling. Although the posts held by the Frontier Constabulary lie almost entirely to the east of the border, many of its operations are carried out in the tribal area.

A third class of civil defence forces maintained in the settled districts is the *Chighas* or village pursuit parties. By custom which has also been crystallised into law these parties are bound to come out for defence as well as pursuit, whenever a raid occurs. Villages liable to be raided are provided by Government with a certain number of rifles for self-defence, but apart from this the administration of the province does not attempt to directly supervise the work of the *Chighas*; the members are not in the pay or service of the Crown. *Chighas* are intended for operations of comparatively short duration. For co-operation with the *Chighas* in the case of prolonged operations, levies drawn from the populations of villages lying in the settled districts but manned by selected members of the village communities are

organised. These levies are pledged to full or part-time service and receive arms and ammunition and pay from Government either directly or through their local leaders.

For service in the tribal area, three civil corps are maintained, viz., the Kurram Militia, the Tochi Scouts and the South Waziristan Scouts. The first of these is a force mainly raised locally for the preservation of law and order in the semi-administered Kurram valley, while the other two corps are intended to maintain political control in north and south Waziristan respectively and to prevent raiding from or through Waziristan into the regular districts.

Unlike the tribal levies or the Kurram Militia, the Tochi and South Waziristan Scouts contain only a very small proportion of local tribesmen. All the three corps are officered by military officers seconded from the regiments of the regular army; in this respect they differ from the Frontier Constabulary whose officers are members of the Indian Police seconded from their own service.

In addition to the three civil Corps mentioned above, four other bodies are also maintained, viz., the Chitral Scouts, the Zhob Militia, the Chagai Levy Corps and the Mekran Levy Corps. Their names denote the country in which they are intended to operate; the last two are confined to Baluchistan. Their organisation and functions are similar to those of the Corps meant for service in Kurram and in Waziristan.

Lastly, mention should be made of *Khassadars*. Like the tribal levies organised in the settled districts in the case of prolonged operations, *Khassadars* also are tribal levies intended for service in the agency tracts. They function as the tribal police and are charged with the duty of guarding communications through their tribal territory. They have to provide themselves with arms, ammunition and equipment and are therefore more highly paid than the members of the civil defence forces so far mentioned, viz., the Police, the Constabulary, the tribal Levies raised in the settled districts and the trans-frontier Civil Corps. Incidentally, the higher pay serves to attract better men to serve as *Khassadars* and to secure their own good behaviour and that of their fellow tribesmen. *Khassadars* have been employed only in the Khyber Agency, in the Kohat Pass and in Waziristan.

The following table shows the present strength of the special civil defence forces in the North-West Frontier Province :—

Kurram Militia	..	..	..	..	..	..	..	1,301
Tochi Scouts	..	..	..	..	..	..	..	2,290
South Waziristan	..	..	..	..	..	..	..	2,761
Zhob Militia	..	..	..	..	..	..	..	1,419
Chitral Scouts	..	--	--	--	--	--	--	991
Frontier Constabulary	..	..	..	..	..	..	..	4,664

We do not know the precise present strength of *Khassadars*, but so far as we can ascertain, there are 4,000 in Waziristan, 1,500 in Khyber Agency and 400 in the Mohmand country.

Raids.—The following table gives some information about the number of raids, casualties and the value of the property looted for certain years.

Year.	No. of raids.	Persons killed.	Persons wounded.	Persons kidnapped.	Value of property looted.	
1906-07	..	41				
1907-08	..	56				
1908-09	..	99				
1909-10	..	159				
1910-11	..	113				
1911-12	..	71				
1912-13	..	77				
1913-14	..	93				
1914-15	..	165				
1915-16	..	345				
1916-17	..	292				
1917-18	..	223				
1918-19	..	189				
1919-20	..	611	298	392	463	26,30,209
1920-21	..	391	153	157	310	2,86,284
1921-22	..	194	80	72	148	1,45,670
1922-23	..	131	52	52	61	82,706
1923-24	..	69	33	35	18	59,690
1924-25	..	39	9	9	23	7,872
1925-26	..	30	14	16	5	16,372
1926-27	..	19	2	6	5	7,096
1927-28	..	18	4	..	11	15,036
1928-29	..	12				

Information not readily available.

(These figures have been obtained from the annual administration reports.)

Expenditure.—The expenditure on Frontier Watch and Ward has varied as below but we may here repeat that it was only with effect from 1927-28 that Frontier Watch and Ward appears as a separate head of account.

	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
Frontier Constabulary	22-37	23-74	22-96	21-98	22-01	22-47	22-93	22-60
South Waziristan Scouts.	19-23	21-25	20-56	18-92	18-43	19-40	19-69	18-73
Chitral Scouts	2-36	78	89	64	81	67	80	78
Charges for Levies	27-90	29-02	22-12	29-04	28-81	28-31	31-13	28-70
Kurram Militia	6-57	8-14	7-28	7-48	7-00	7-21	8-71	7-55
Tochi Scouts	13-21	14-94	14-39	14-34	14-33	14-47	14-88	14-74
Frontier Constabulary Reserve.	..	..	..	..	..	04	12	21
Intelligence Bureau	43	46	43	45	47	47	71	58
Inspecting Officer, Frontier Corps.	39	41	1-83	57	44	50	82	49
Medical Establishments.	•	•	•	1-54	1-53	1-57	1-81	1-57
	92-46†	98-74	90-46	94-96	93-83	95-11	101-40	95-85

*Shown under "Medical".
 †In all it was 92-69 lakhs.

The growth of expenditure on Frontier Watch and Ward (excluding Works) from 92·69 in 1924-25 to 101·40 (Revised) in 1930-31 and 95·85 (Budget) in 1931-32 was brought about, *inter alia*, by the following reasons :—

- (1) Revision of the pay of officers with effect from 1st July 1924 and revision of the pay of the clerical establishments.
- (2) Grant of bonus to members of the Waziristan Corps after six years' service.
- (3) Entertainment of two temporary platoons in 1930-31.
- (4) Payment of " Good Conduct and Good Service Pay " owing partly to the revision of rates from 1st April 1929 and partly to the admissibility of this pay to a larger number of men during 1931-32 than in 1924-25.
- (5) Contribution towards the cost of training men at army schools of instruction. The cost of such training used to be borne by the Army estimates; for some reasons not known to us it is now borne by the Civil.
- (6) Appointment with effect from 1929-30 of an additional British Officer for the Kurram Militia.
- (7) Increase of staff compared with 1924-25.
- (8) Payment of fuel allowances sanctioned in 1927-28 to Waziristan Scouts.
- (9) Appointment of additional Khassadars for the protection of the Khyber Railway and of temporary Levies in the Kohat District.
- (10) Cost of retaining fees and other charges connected with the entertainment of Frontier Constabulary Reservists. (This scheme was sanctioned in 1929 and the budget estimates for 1931-32 include a provision of Rs. 21,000 on this account.)
- (11) Appointment of an Intelligence Staff Officer in 1930 and of two additional Sub-Inspectors and three Head Constables in connection with Passport work.
- (12) Opening of two new hospitals at Dosali and Tank.
- (13) Accrual of the usual increments.

Department offer.—The Department has offered a reduction of 3·04 lakhs, but has not furnished any details.

Our proposals.—An analysis of the reasons that have led to increased expenditure shows that a good deal of it took place in a period when political conditions were, comparatively speaking, still normal. If, as has been claimed, the policy of peaceful penetration is proving successful, we cannot see why it should have been found necessary to increase either the establishments or the expenditure. The spread of civilisation and greater security in the tribal area should automatically involve reduction of establishments and to some extent of expenditure. We do not possess the information necessary to enable

us to scrutinise the expenditure in detail and are therefore reduced to proposing a block cut. In view of the falling revenues and the necessity felt by Government to levy increased taxation and also in view of the economic distress prevailing all over the country we consider that an expenditure of about a crore and a half on the "Watch and Ward" (including buildings and communications) of a section, although an important one, of India's frontier is not justified. In essence, this expenditure is additional expenditure on the military defence of the country. In our opinion the Frontier Constabulary, the trans-border Corps and the *Khassadars* perform functions which are almost entirely military in character and the expenditure should be borne by the Army estimates within the limits of the Army budget. We have been given to understand that the question of showing this expenditure under the Army estimates is under consideration. While we have no objection to such transfer, we attach greater importance to a reduction of the total expenditure on defence. We recommend that the department should keep in view a standard of expenditure not exceeding 80 lakhs and that progressive steps should be taken to achieve this result; we think this should be possible within the next three years. For the purposes of the 1932-33 budget we shall assume a reduction of expenditure by 5 lakhs.

We here emphasise our suggestion that steps should be taken to devote as much money as possible from the heads "Political" and "Frontier Watch and Ward" to activities more likely to yield permanent beneficial results, e.g., Agriculture, Irrigation, Cottage Industries, Education, Veterinary, Co-operations, Communications, etc.

(xii) *Account XII—Education.*

Expenditure on Education has grown as below :—

1913-14.	1921-22.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
4.88	11.85	11.75	12.19	13.24	17.73	18.59	19.77	20.68	22.11

For Direction and Inspection the following staff is maintained :—

Direction.—A Director of Public Instruction, his Personal Assistant, a Registrar for departmental examinations who also works as Secretary to the Text Book Committee and a clerical establishment of 30.

Inspection.—Two Inspectors and an Inspectress of Schools, five District Inspectors of Schools, four District and Assistant Inspectors of Schools of non-gazetted status and a clerical and inferior establishment of about 38.

The following table shows the expenditure on (a) University and College Education, (b) Secondary Education and (c) Primary Education, as also on special education and general expenditure for various years :—

	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
University ..	1.22	1.46	1.64	1.89	2.62	2.66	2.15	1.62
Secondary ..	3.73	3.56	3.59	4.54	4.44	4.76	5.05	7.72
Primary ..	5.42	5.73	6.47	9.31	9.39	10.06	10.93	9.29
Special ..	..	.03	.07	.23	.27	.25	.27	1.09
General ..	1.38	1.41	1.47	1.77	1.87	2.03	2.28	2.39
	<u>11.75</u>	<u>12.19</u>	<u>13.24</u>	<u>17.74</u>	<u>18.59</u>	<u>19.76</u>	<u>20.68</u>	<u>22.11</u>

We may further remark that the five-year programme is in operation in this province also.

The province has no University of its own. So far as is known to us, Government do not maintain any College whether for arts or for professional or technical studies. There are, however, three Colleges, all in receipt of grants-in-aid, *viz.*, Islamia College at Peshawar, Edwards College (a missionary Institution) at Peshawar and the Vedic Bharatri College at Dera Ismail Khan. We believe there is also a College maintained close to the border for the education of youngmen from the tribal area, but our information has not been duly verified.

The administration also maintains a High School, a Training College and a special school.

As regards Primary education the prevailing system is to give grants-in-aid to local bodies.

Departmental proposals.—Originally the Chief Commissioner proposed to effect a reduction of 2·22 lakhs under this head. We do not know what portion of this sum was intended to be permanent. Subsequently a permanent reduction of 2·37 lakhs in the expenditure on 'Education' has been offered by the department.

Our proposals.—In conformity with the views expressed by us in Part I of our Interim report and consistently with the line that we have always taken, we are not prepared to recommend any reduction under this head. The emphatic pledge so recently given by the Chief Commissioner in this connection should be faithfully observed.

Account XIII—Medical.

Expenditure under 'Medical' has varied as below. In addition to this expenditure there is a certain amount of medical expenditure incurred under the head "Political", the figures for which are given in a table in sub-paragraph (x) on page 41.

	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
Medical Establishment	1·74	1·54	1·73	1·56	1·63	1·75	2·24	2·14
Grants-in-aid to Hospitals and Dispensaries	1·68	2·53	2·92	2·15	1·99	3·81	4·30	5·58
<i>Medical Schools and Colleges.</i> —Payment to the Punjab Government	·72	·39	·44	·50	·58	·60	·60	·54
Grand Total	4·14	4·46	5·09	4·21	4·20	6·16	7·14	8·26

A part of the growth of expenditure is merely apparent ; recoveries from local bodies, which would have been brought to account in 1924-25 as deductions from expenditure, are now credited as revenue. Among the other reasons for the growth of expenditure since 1924-25 are :—

- (1) The creation of a post of Surgeon-Major to act as Civil Surgeon of Bannu, where a large new hospital has been built.
- (2) An Assistant Surgeon for the X-Ray Institute in the Lady Reading Hospital, Peshawar.
- (3) 21 posts of Sub-Assistant Surgeons and compounders in connection with the expansion of medical facilities in the province.

- (4) Appointment of 35 clerks and servants to the staff of the Lady Reading Hospital at Peshawar.
- (5) Larger grants-in-aid (aggregating 1·27 lakhs in the 1931-32 budget) for improved medical facilities in the province.

The following specific cases illustrate the purposes for which the new grants-in-aid have been made :—

	Ra.
(a) Improvement to the female section of the Lady Reading Provincial Hospital, Peshawar	31,000
(b) Establishment of six new rural dispensaries	78,700
(c) Posting of female Sub-Assistant Surgeons at three selected tahsil headquarters hospitals and the construction of quarters for them	16,700
(d) Grant towards the construction of a civil hospital at Dera Ismail Khan	600

Departmental proposals and our recommendations.—The Department has offered a reduction of Rs. 25,000. Our view is that expenditure on such activities as Education, Medical and Public Health should, as far as possible, remain undiminished. We therefore cannot agree that the offer should be accepted. We may, however, draw attention to two points—

(1) The Chief Medical Officer gets, in addition to his pay as an officer of the I. M. S., special pays aggregating Rs. 650 a month, viz., a special pay of Rs. 350 as Chief Medical Officer of the Province and a special pay of Rs. 300 for holding the Jail and Sanitary charges. We consider that the aggregate special pay is out of proportion to the additional work involved. In effect, this special pay converts the Chief Medical Officer's post into one on Rs. 2,500 per mensem a pay which does not compare very unfavourably with the emoluments of Inspectors General of Hospital in the major provinces. In the somewhat analogous case of Delhi, where too one of the Civil Surgeons functions also as Chief Medical Officer and presumably gets a special pay of Rs. 250 per mensem we have recommended the abolition of the special pay. We recognise that there is a difference between the responsibility of a Chief Medical Officer for a small province like Delhi and the Chief Medical Officer of a province of the size of the North-West Frontier Province. In this case therefore we do not propose to go as far as we did in the case of Delhi. We recommend that the aggregate special pay should be reduced from Rs. 650 to Rs. 300. Our proposal will yield a saving of ·04 lakh.

(2) We observe that the extra staff required on account of the opening of the New Central Jail at Haripur in the office of the Chief Medical Officer in his capacity as Inspector-General of Prisons has been provided under head "Medical". We consider that this fails to give a proper view of expenditure both under "Medical" and under "Jails". We have come across several cases where in the case of combined offices expenditure has been divided into its various component parts and each part has debited to the service concerned. We can see no reason why the Account head "Jails and Convict Settlements" should not bear an appropriate share of the cost of all staff (including the Chief Medical Officer *cum* Inspector-General of Prisons) maintained in connection with jails, whether whole-time or part-time.

Account IV—Public Health.

The expenditure has varied as below :—

	1924.	1925.	1926.	1927.	1928.	1929.	1930.	1931.
Public Health Establishment	25.	26.	27.	28.	29.	30.	31.	32
Grants-in-aid	·31	·31	·36	·38	·38	·40	·50	·60
Expenses in connection with epidemic diseases	1·19	·30	·45	·27	·18	·39	·43	·45
	·22	·22	·24	·20	·46	·26	·23	·24
	1·72	·83	1·05	·85	1·02	1·05	1·16	1·29

The staff consists of an Assistant Director of Public Health on the I. M. S. scale of pay with a special pay of Rs. 250 and a Pushto allowance of Rs. 100. The cost of Health Officer, Peshawar Municipality, has now been "provincialised." There is also an Assistant Surgeon incharge of the provincial Laboratory. The establishment numbering 18 consists of Inspectors, Vaccinators, clerks, Laboratory Assistants and servants. There is also a special establishment for the medical inspection of school children.

The main reasons for the growth of expenditure have been :—

- (1) The grant of a Pushto allowance of Rs. 100 per mensem to the Assistant Director of Public Health with effect from 1927-28.
- (2) "Provincialisation" of the post of Health Officer, Peshawar Municipality, with effect from 1930-31.
- (3) Addition to the establishment and revision of pay sanctioned in 1925-26.
- (4) Increased expenditure on account of the scheme for the medical inspection of school children since 1929-30.

Departmental proposals.—In the course of its oral evidence, the Department offered a reduction of ·17.

Our proposals.—We observe that the Assistant Director of Public Health is an I. M. S. officer of the rank of a Major. The North-West Frontier Province is a healthy area and it does not present complex public health problems. The physique of the population is among the finest in India. We cannot persuade ourselves to accept the reason for a special pay of Rs. 250 to the Assistant Director in addition to a special pay to the Chief Medical Officer. In fact, we cannot see why an officer of this rank should not be designated as Director of Public Health and given some small special pay in addition to the scale in force for the I. M. S. Our proposal will yield a saving of at least ·02 lakhs.

In addition to this we recommend that the departmental offer should be accepted. On our proposals, there should be a reduction of expenditure to the extent of at least ·19.

Account XV—Agriculture, Veterinary, Co-operative Credit, Museum and Miscellaneous Departments.

The expenditure on these has been as below :—

	1924.	1925.	1926.	1927.	1928.	1929.	1930.	1931.
	25.	26.	27.	28.	29.	30.	31.	32.
Agriculture	·78	1·06	1·02	·93	·67	·74	·85	·99
Veterinary	·50	·56	·43	·57	·69	·81	·87	1·07
Co-operative Credit	·03	·05	·07	·16	·38	·63	·78	
Museum	·04	·06	·06	·05	·05	·05	·05	·05
Provincial Statistics	·06	·03	·03	·02	·02	·02	·03	·03
Famine Relief	·00	·00	·00	·00	·00	·00	·25	·00
Industries	·00	·00	·00	·00	·07	·00	·00	·00
	1·38	1·74	1·59	1·64	1·66	2·00	2·68	2·92

Of the apparent growth of expenditure, a part is due to the assumption by the N. W. F. P. of responsibility for its own Veterinary work; the province had previously relied upon the Punjab Government for such work. A larger part of the growth is due to the initiation of the Co-operative Credit Movement.

Our proposals.—In the course of its oral evidence, the Department has offered a reduction of .13 lakh. The activities financed from the provision under this head of account are of a nation-building character. We do not, therefore, propose to press the department for any further reduction of expenditure than it has offered. For a province consisting of five settled districts with a population of about 2½ million we consider a provision of a little over ¼ of a lakh for Co-operative Credit is none too large. We therefore propose that a saving of .13 should be effected but it should all come out of the provisions for heads other than Co-operative Credit.

Account XVI—Miscellaneous.

The expenditure under head Miscellaneous has varied as below :—

1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
.68	1.21	.75	.59	.71	.80	.79	.79

The only important items of expenditure are—

(a) Grants-in-aid to local bodies for general purposes ..	.55
(b) Guarantees for Posts and Telegraphs Office .. ..	.10

In fact, it is these items which account for most of the increase of expenditure.

Departmental offer and our proposals.—The department has offered a reduction of .04 and we recommend that this offer be accepted.

Special pays, language and other allowances, etc.

From a perusal of the Department's Quarterly List we observe that in this province special pays and allowances are admissible on a scale which we consider excessive. These form a substantial addition to the pay proper of the officers. Language allowances are granted for some degree of proficiency in the Pushto language. The representatives of the Department told us in the course of their oral evidence that the justification for the language allowance is that an officer who has to serve in this province has to pick up Pushto, which does not serve him any useful purpose outside the province. This argument does not convince us. Broadly speaking, we deprecate the grant of monthly allowances for acquiring workable proficiency in the language of the province in which an officer has to serve. If, however, in the special circumstances of this province, it is still considered necessary to give language allowances, lump sum rewards on the lines of the language rewards, which used to be in force some years ago, should be reintroduced. But we consider the system of monthly allowances unsound in principle, inasmuch as it tends to discriminate unfairly between those who are stationed for a short period as compared with those who are kept on for longer periods. In our opinion the entire system of these language allowances should be re-examined. Pending the results of such an examination, we recommend that a cut of 50 per cent. in the amounts at present payable should be made at once. Similarly in the interests of economy all special pays and allowances, other than fixed travelling allowances and allowances paid from other funds, e.g., from railways, estates, etc., should

be reduced by one-half. In the absence of accurate details, we have not been able to work out precise figures of the total resultant saving, but we estimate that our proposal should yield over one lakh of rupees on officers' special pays, etc.

Summary of savings.—On our proposals, we expect that there will be a saving of 20·24 lakhs in the grant for the North-West Frontier Province as follows :—

	Reduction proposed.
Account I.—Land Revenue	·30
Account II.—Forest	2·00
Account III.—Other direct demands on revenue	·22
Account V.—General Administration	1·02
Account VI.—Administration of Justice	·68
Account VII.—Jails	2·00
Account VIII.—Police	4·85
Account IX.—Ecclesiastical	Nil.
Account X.—Political	2·75
Account XI.—Frontier Watch and Ward	5·00
Account XII.—Education	Nil.
Account XIII.—Medical	·04
Account XIV.—Public Health	·19
Account XV.—Agriculture, etc.	·13
Account XVI.—Miscellaneous	·04
Special pays and allowances	1·02
Total	<u>20·24</u>

Some further saving on the special pays, allowances, etc., of establishments will also accrue, but we are unable to estimate the amount.

NOTE.—Attention is drawn to the Note at the top of page 24.

APPENDIX IV.

POPULATION AND ITS DISTRIBUTION BY RELIGION IN NORTH-WEST FRONTIER PROVINCE.

(a) Population.

District.	Total Population.	Males.	Females.	Urban.	Rural.	Density.
NOTE.—The figures below are 1931 figures.						
1. Hazara	670,117	358,193	311,924	41,985	628,132	223
2. Peshawar	974,321	538,146	436,175	216,423	757,898	369
3. Kohat	236,273	126,210	110,063	34,350	201,923	88
4. Bannu	270,301	145,163	125,138	38,242	232,059	159
5. Dera Ismail Khan ..	274,064	148,106	125,958	55,177	218,887	79
Total N. W. F. P. (Districts).	2,425,076	1,315,818	1,109,258	396,177	2,038,899	179
<i>Agencies and Tribal Areas.</i>						
Total	2,259,288	1,212,347	1,046,941	..	2,259,288	..
Enumerated	46,451	44,635	1,816	..	46,451	..
Estimated	2,212,837	1,167,712	1,045,125	..	2,212,837	..
<i>Agencies.</i>						
1. Malakand (Dir, Swat and Chitral)—						
Total	902,075	465,470	436,605	..	902,075	..
Enumerated	3,390	2,928	462	..	3,390	..
Estimated.. ..	998,685	462,542	436,143	..	898,685	..
2. Khyber—						
Total	263,566	147,908	115,658	..	263,566	..
Enumerated	16,516	16,452	64	..	16,516	..
Estimated.. ..	247,050	131,456	115,594	..	247,050	..
3. Kurram—						
Total	63,352	35,395	27,957	..	63,352	..
Enumerated	4,832	3,682	1,150	..	4,832	..
Estimated.. ..	58,520	31,713	26,807	..	58,520	..
4. North Waziristan—						
Total	93,570	56,328	37,245	..	93,570	..
Enumerated	13,282	13,154	128	..	13,282	..
Estimated.. ..	80,288	43,171	37,117	..	80,288	..
5. South Waziristan—						
Total	108,213	61,264	46,949	..	108,213	..
Enumerated	6,713	6,711	2	..	6,713	..
Estimated . . .	101,500	54,553	46,947	..	101,500	..

Tribal area under the Political control of the Deputy Commissioner of—

1. Hazara—								
Total	..	..	352,400	190,036	162,364	..	352,400	..
Enumerated	..	..	..	..	..	..	..	..
Estimated..	..	..	352,400	190,036	162,364	..	352,400	..
2. Peshawar—								
Total	..	..	305,410	162,510	142,990	..	305,410	..
Enumerated	..	..	..	..	..	..	..	..
Estimated..	..	..	305,410	162,510	142,990	..	305,410	..
3. Kohat—								
Total	..	..	128,900	70,200	58,700	..	128,900	..
Enumerated	..	..	..	..	..	..	..	..
Estimated..	..	..	128,900	70,200	58,700	..	128,900	..
4. Bannu—								
Total	..	..	22,160	11,916	10,244	..	22,160	..
Enumerated	..	..	..	..	..	..	..	..
Estimated..	..	..	22,160	11,916	10,244	..	22,160	..
5. Dera Ismail Khan—								
Total	..	..	19,642	11,323	8,319	..	19,642	..
Enumerated	..	..	1,718	1,708	10	..	1,718	..
Estimated..	..	..	17,924	9,615	8,309	..	17,924	..

(b) Distribution by religion.

District.	Muslim.	Hindu.	Sikh.	Christian.
Hazara	.. 636,794	25,260	7,630	432
Peshawar	.. 898,683	42,321	24,271	9,046
Kohat	.. 218,445	13,393	3,249	1,186
Bannu	.. 237,674	26,181	5,482	964
Dera Ismail Khan	235,707	35,822	1,878	657
<hr/>				
Total N. W. F. P. (Districts).	2,227,303	142,977	42,510	12,286

CHAPTER IV.

GRANT NO. 79—BALUCHISTAN.

(1) *Introductory.*—Like the North-West Frontier Province Baluchistan (in which is situated the Bolan Pass) is also a frontier province, but it presents problems of administration, which are in most respects widely dissimilar. While in the North-West Frontier Province, there are five administered districts in which a reformed constitution is just about to be established and an unadministered tribal belt, which intervenes between the administrative border and the Durand Line, there is in Baluchistan no tribal belt but administration extends everywhere up to the Durand Line. A second important point of difference lies in the existence in Baluchistan of the State of Kalat, which with its tributary State of Las Bela accounts for more than half the area and population of the Province. The State of Kalat, though autonomous, has always consented to follow advice tendered by the Baluchistan Administration and the supervision of Kalat administration forms an important part of the Agent to the Governor General's duties. There is no similar unit in the North-West Frontier Province, nor is there in that Province any exact counterpart to the Marri and the Bugti areas, which are administered by their own tribal chiefs under the supervision of the Agency authorities. In Baluchistan these tracts are referred to as tribal territory, as indeed it is, but the tribal territory of Baluchistan bears no resemblance whatever to the tribal territory of the North-West Frontier Province.

The province is administered by an Agent to the Governor General who is a Resident of the first class, assisted by the following staff :—

- (i) A Revenue Commissioner on Rs. 3,000.
- (ii) Six Political Agents with special pays of Rs. 300 in two cases, Rs. 200 in two cases, Rs. 150 in one case and Rs. 100 in one case.
- (iii) A Secretary and an Under-Secretary.
- (iv) Five Assistant Political Agents.
- (v) A Surgeon with a special pay of Rs. 350 and an Assistant Surgeon.
- (vi) 25 Extra Assistant Commissioners and Indian Assistants.
- (viii) Ministerial, menial and medical establishments numbering 484.

Quetta is the headquarters but the Agent to the Governor General and a small portion of his staff go in the summer to Ziarat.

Important jirgahs and the provincial durbar are held at Sibi, but Sibi is never the headquarters of the Agent to the Governor General.

Baluchistan is divided into four main divisions :—

(1) British Baluchistan, with an area of 9,096 square miles, consisting of tracts ceded by Afghanistan to the British Indian Government by treaty in 1879 ; (2) Agency territories with an area of 37,864 square miles, composed of tracts which have, from time to time, been acquired by lease or otherwise

brought under British control and been placed under the direct administrative control of British Indian officers, (3) the Indian States of Kalat and Las Bela with an area of 80,410 square miles ; and (4) tribal territory. British Baluchistan and the Agency territories are sometimes known as the "administered" territories. The districts and agency area cut off southern Baluchistan from Afghanistan with which the province had close political relations. On the west, its frontier marches with that of Persia, but this tract is almost a desert and is sparsely populated. Though Baluchistan lies just north of the Arabian Sea, it remains outside the monsoon area and the rainfall is irregular and scanty. The total population is 799,625, out of which 383,624 reside in the administered territories, i.e., in British Baluchistan and in the Agency areas.

(2) *History*.—The political connection of the British Indian Government with Baluchistan commenced from the outbreak of the first Afghan War in 1839, when it was traversed by the Indian Army and was afterwards occupied to protect the British lines of communication. By the treaty of 1879, Sibi, Harnai and Thal-Chotiali were handed over by Afghanistan to the British Government, on condition that Afghanistan should receive the surplus revenues after payment of the expenses of administration. After the disaster in Afghanistan when the British Resident and escort were massacred at Kabul, the treaty was abrogated. But in 1882, after the close of the second Afghan War, it was decided to retain the areas ceded by Afghanistan in 1879. These areas comprise British Baluchistan.

Under the agreement entered into in 1883, the Khan of Kalat agreed to lease the district of Quetta to the British Indian Government for an annual rent of Rs. 25,000. In accordance with articles 2 and 3 of the Agreement of 1883, the Khan transferred absolutely all his rights to levy dues or tolls on the trade travelling through the Bolan Pass and in return for this concession Government agreed to pay the Khan Rs. 30,000 per annum. In 1880 the Khan made over to the British Government with full jurisdiction the lands on which the Kandahar State Railway had been constructed. In 1899 Mir Mahmud Khan transferred Nushki district and its *niabat* in perpetuity to the Government of India in consideration of an annual quit-rent of Rs. 9,000. Similarly the *niabat* of Nasirabad including the Manjuri lands was transferred in 1903 for a quit-rent of Rs. 1,17,500. Full jurisdiction over the lands required for the Mushkaf-Bolan railway and Nushki railway was ceded by the Khan in 1894 and 1903 respectively. These tracts together with Zhob and Loralai comprise the Agency territories. There are two Indian States, Kalat and Las-Bela, the latter being nominally a feudatory of the former. The tribal territory consists of the country inhabited by the Marris and the Bugtis.

(3) *Expenditure and Revenue*.—The following tables exhibit the expenditure (Table A) and revenue (Table B) of the province. Heads of expenditure which would be treated as 'provincial' in a Governor's province have been shown separately from 'central' heads, although such a distinction has little meaning in this area.

TABLE A.

	1913- 14.	1920- 21.	1922- 23.	1924- 25.	1925- 26.	1926- 27.	1927- 28.	1928- 29.	1929- 30.	1930- 31.	1931- 32.
Land Revenue ..	2-45	3-35	3-16	2-82	2-95	3-01	3-03	3-85	3-92	4-17	3-99
Excise ..	..	..	..	..	..	..	..	..	..	..	..
Stamps ..	..	..	..	..	..	..	..	..	..	..	..
Forest ..	..	..	..	..	..	..	..	..	..	..	..
Registration ..	..	..	..	..	..	..	..	..	..	..	..
Irrigation ..	3-84	..	..	1-97	2-21	2-26	2-47	2-98	4-41	7-47	6-03
General administra- tion ..	..	..	1-30	1-64	1-94	1-86	1-90	1-74	1-63	1-66	1-57
Administration of Justice ..	..	..	..	..	..	..	..	..	..	..	..
Jails and convicts settlement ..	..	..	..	..	..	..	..	..	..	..	..
Police ..	5-12	10-11	11-12	11-05	11-28	11-33	11-45	11-02	11-72	12-30	12-74
Scientific Depart- ment ..	..	..	..	..	..	..	..	..	..	..	..
Education ..	1-07	1-84	2-39	2-33	2-78	2-79	3-08	3-35	3-55	3-62	3-83
Medical ..	1-01	2-35	3-30	3-01	2-97	3-13	3-23	3-26	3-16	3-68	3-46
Public Health ..	..	..	..	..	..	..	..	..	..	..	..
Agriculture, etc. ..	..	..	..	..	..	..	..	..	..	..	..
Miscellaneous Departments ..	..	..	..	..	..	..	..	..	..	..	..
Census ..	..	..	..	..	..	..	..	..	..	..	..
Civil Works (in- cluding Build- ings and Com- munications under Frontier Watch and Ward) ..	13-77	14-16	12-94	9-63	10-83	11-22	14-21	18-13	23-76	18-44	14-22
Famine Relief ..	..	..	..	..	..	..	..	..	..	..	..
Superannuation Allowances and Pensions ..	..	..	..	..	..	..	..	..	..	..	..
Stationery and Printing ..	..	..	..	..	..	..	..	..	..	..	..
Miscellaneous ..	..	..	..	..	..	..	..	..	..	..	..
Total " Provincial " subjects ..	29-05	37-65	41-73	42-07	43-10	42-90	47-45	51-76	60-13	61-75	55-40
Customs ..	..	..	..	..	..	..	..	..	..	..	..
Taxes on Income ..	..	..	..	..	..	..	..	..	..	..	..
Opium ..	..	..	..	..	..	..	..	..	..	..	..
Ecclesiastical ..	..	..	..	..	..	..	..	..	..	..	..
Political ..	24-15	35-57	40-27	15-75	14-32	14-62	15-09	15-60	15-75	15-78	16-43
Frontier Watch and Ward (exclud- ing Works) ..	..	..	..	25-04	25-46	26-49	27-25	27-92	28-93	28-60	28-75
Currency ..	..	..	..	..	..	..	..	..	..	..	..
Territorial and Poli- tical Pensions ..	..	..	..	..	..	..	..	..	..	..	..
Total " Central " Subjects ..	24-87	36-37	41-03	41-71	40-71	42-15	43-39	44-40	45-78	45-44	46-28
GRAND TOTAL ..	53-92	74-02	82-76	83-78	83-81	85-05	90-75	96-16	106-98	107-19	101-68

TABLE B.

	1913-14.	1920-21.	1922-23.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
Land Revenue ..	10.40	10.86	9.69	9.17	9.19	9.74	9.90	10.89	10.86	10.67	10.27
Excise ..	2.80	7.16	7.24	6.43	6.06	5.90	6.28	6.37	6.76	5.97	5.97
Stamps ..	1.00	1.74	1.88	1.95	1.90	1.66	1.80	1.93	1.77	1.86	1.86
Forest ..	.20	.23	.15	.21	.24	.28	.30	.23	.29	.29	.29
Registration ..	.03	.08	.06	.05	.05	.07	.06	.07	.06	.06	.06
Irrigation ..	.68	.87	.97	.75	.49	.36	.74	.80	.56	.82	.62
Administration of											
Justice ..	.27	.65	.30	.32	.35	.28	.32	.32	.36	.32	.32
Jails Settlement ..	.01	.02	.03	.02	.03	.04	.05	.05	.05	.08	.15
Police ..	.15	.25	.22	.06	.12	.08	.14	.11	.10	.09	.09
Education ..	.18	.24	.26	.34	.40	.42	.43	.45	.43	.44	.41
Medical ..	.02	.07	.08	.09	.08	.06	.07	.07	.05	.05	.05
Agriculture, etc.	.02	.02	.08	.13	.11	.21	.18	.12	.16	.14	.15
Miscellaneous											
Departments ..	.01	..	..	..	..	..	.01	.01	.03	.02	.02
Civil Works ..	.52	.57	.46	.51	.43	.59	.45	.48	.65	.54	.56
Receipts-in-aid of											
Superannuation ..	.04	.08	.10	.13	.12	.14	.16	.16	.19	.16	.15
Stationery and											
Printing ..	..	..	..	..	..	..	..	..	.04	.04	.04
Miscellaneous ..	.05	.05	.32	.22	.31	.38	.93	.51	.50	.44	.38
Total " Provincial "											
Subjects ..	16.38	22.89	21.84	20.38	19.88	20.21	21.82	22.55	22.96	21.99	21.39
Customs ..	..	..	..	..	..	..	.01	.02	.04	.01	.01
Taxes on Income ..	.21	.42	.85	.99	1.99	1.64	1.78	1.82	1.89	1.63	1.61
Salt ..	.01	..	..	..	..	..	..	..	..	..	..
Opium ..	.06	.11	.10	.14	.03	..	..	..	..	..	..
Currency ..	..	.03	.02	.01	.02	.01	.01	.02	.02	.02	.02
Total " Central "											
Subjects ..	.28	.56	.97	1.14	2.04	1.65	1.80	1.86	1.95	1.66	1.64
GRAND TOTAL ..	16.66	23.45	22.81	21.52	21.92	21.86	22.62	24.41	24.91	23.65	23.03

Analysis of expenditure and of its growth.—Of the total provision of 104.56 lakhs for Baluchistan the "area" grant is Rs. 79.34 lakhs. The balance, Rs. 25.22 lakhs, is intended to meet expenditure in Baluchistan under non-"area" demands, e.g., Frontier Watch and Ward (buildings and communications), Civil Works, Irrigation, etc.

The following table analyses the grant of Rs. 79.34 according to the services on which it is spent:—

	Lakhs. Rs.
I.—Direct Demands on Land and other revenues ..	..
II.—General Administration ..	..
III.—Law and Order—	
Administration of Justice ..	.73
Jails ..	2.17
Police ..	12.74
Salt ..	16.43
*Political ..	28.75
Frontier Watch and Ward ..	..
IV.—Ecclesiastical ..	..
V.—" Nation-building " Departments:—	
Education ..	3.83
Medical and Public Health ..	3.61
Agriculture Scientific Departments, etc. ..	1.62
VI.—Quit-rents and Compensations ..	..
VII.—Other Miscellaneous expenditure ..	..
	1.815
	.785
	79.34

* Political has been shown under this class, because, in effect, it represents expenditure on the maintenance of law and order in tribal territory.

The following are the important heads of expenditure (with the amounts shown in lakhs in brackets) provided for under heads other than the "area" demands :—

Irrigation (6·03), Interest on ordinary debt (2·36), Frontier Watch and Ward (8·27), Civil Works (5·95), Ordinary and Political Pensions (·99). The aggregate provision for all such heads is 25·22.

Growth of expenditure.—Wherever necessary, we have explained in connection with our own proposals the reasons for the growth of expenditure under the heads concerned.

(4) *Financial position and prospects.*—The following table shows the expenditure on and the revenues from provincial and central subjects and the deficit in 1924-25 and 1931-32 :—

TABLE C.

Revenue Heads <i>Net</i> .				Expenditure Heads <i>Net</i> .				
Head.	Accounts, 1924-25.	Budget, 1931-32.	Increase + or Decrease—.	Head.	Accounts, 1924-25.	Budget, 1931-32.	Increase + or Decrease—.	
Land Revenue ..	6·35	6·28	—·07	Irrigation ..	1·22	5·41	+4·19	
Excise ..	6·28	5·46	—·82	General Administration.	1·64	1·67	—·07	
Stamps ..	1·92	1·83	—·09	Administration of Justice.	·15	·51	+·36	
Forest ..	—·09	—·11	—·02	Jails ..	·68	2·02	+1·34	
Registration ..	·02	·03	+·01	Police ..	10·98	12·65	+1·67	
				Scientific Departments.	·10	·10	..	
				Education ..	1·99	3·42	+1·43	
				Medical ..	2·92	3·41	+·49	
				Public Health ..	·14	·15	+·01	
				Agriculture ..	·59	1·15	+·56	
				Miscellaneous Departments.	·03	·20	+·17	
				Census ..	..	·71	+·71
				Civil Works ..	9·12	13·66	+4·54	
				Superannuation Allowances and Pensions.	·78	·45	—·33	
				Stationery and Printing.	·02	—·03	—·05	
				Miscellaneous ..	5·80	2·22	—3·58	
Total "Provincial" Subjects.	14·48	13·49	—·99	..	36·16	47·60	+11·44	
				Excess of Expenditure over Revenue	..	21·68	34·11	+12·43
Customs ..	..	—·13	—·13	Territorial and Political Pensions.	·46	·38	—·08
Taxes on Income ..	·88	1·38	·50	Ecclesiastical ..	·34	·33	—·01	
Opium ..	·14	..	—·14	Political ..	15·75	16·43	+·68	
Currency ..	..	..	..	Frontier Watch and Ward.	25·04	28·75	+3·71
Total "Central" Subjects.	1·02	1·25	+·23	..	41·59	45·89	+4·30	
				Excess of Expenditure over Revenue	..	40·57	44·64	+4·07
Gross Total for Province.	for 15·50	14·74	—·76	..	77·75	93·49	+15·74	
				Excess of Expenditure over Revenue	..	62·25	78·75	+16·60

The excess of "provincial" expenditure over "provincial" revenue is estimated in 1931-32 to amount to as much as 34·11 lakhs. It is a remarkable fact that Police and Jails alone swallow up the entire net revenues. It is clear that the province cannot become, for a long time, self-supporting. A large subsidy from the rest of India is, and will continue to be, needed for its day-to-day administration. Considering that a deficit province must suffer a serious handicap in its political evolution, we consider it of great importance that the gap between at least provincial expenditure and provincial revenues should be narrowed as far as possible. Our proposals will help to narrow it to the extent of 10½ lakhs in all (excluding buildings and communications for Frontier Watch and Ward) and of about 4 lakhs in the "provincial" sphere.

(5) *Inchcape proposals.*—The Inchcape Committee observed that between 1913-14 and 1922-23 expenditure had increased from 53·17 to 87·61 lakhs while revenues had grown by only a little over 6½ lakhs, (*viz.*, from 16·07 to 22·64 lakhs). The increased cost of administration was attributed, mainly, to the disturbed condition of the frontier. Of the total increase of 34·44 as much as 25·15 was accounted for by "Political" (18·10). and "Police" (7·05). The committee recommended reduction of expenditure to the extent of 4·33 lakhs and proposed a regular settlement for a period of years on the same lines as in the case of the North-West Frontier Province. It thus contemplated that the future expenditure on Baluchistan should be stabilised for a term of years at 83·28 lakhs. We have only to add that this figure includes expenditure on such heads as Frontier Watch and Ward (including buildings and communications), Civil Works, Irrigation, pensions, interest charges, famine relief and other heads of expenditure incurred in the province, and that the aggregate 1931-32 provision for the corresponding services is 104·56 lakhs. Thus the province is now costing 21·28 lakhs or over 25 per cent. more than the amount contemplated by the Inchcape Committee.

(6) *Departmental proposals.*—The department has informally offered provisional reductions of expenditure as follows :—

	Budget, 1931-32. offered.	Reduction.
Land Revenue	3·99	·36
Other direct demands on revenue	·97	·11
Justice	·73	·01
Jails	2·17	·15
Police	12·74	1·03
Ecclesiastical	·33	·01
Political	16·43	1·87
General Administration	1·57	·34
Watch and Ward	28·75	2·14
Medical and Public Health	3·61	·40
Agriculture, etc.	1·62	·63
Miscellaneous	2·60	·13
Total	75·51	7·18

This sum of Rs. 7·18 lakhs is split up between different units as follows :—

					Budget.	Reduction.
Officers	..	..	..	..	8·88	·63
Establishments	..	..	..	..	40·23	2·23
Allowances	..	..	..	..	6·96	1·20
Other charges	..	..	..	..	19·44	3·12
Total					75·61	7·18

The aggregate reduction works out at about 9 per cent. of the "area" grant of 79·34. The department had, and presumably has, under contemplation some reduction in the provision for education, but such reduction finds no place in the figures supplied to us. If the reduction of ·17 on account of the temporary cut in certain compensatory allowances ordered by Government for the current financial year is continued beyond 1931-32, the savings offered will be raised by ·17 to 7·35 lakhs.

The important features of the savings offered are :—

- (i) Abolition of four posts of Extra Assistant Commissioners. These posts correspond to those of the provincial executive service in the major provinces.
- (ii) Abolition of the Fruit Farm and of the posts of Agricultural Officer and his establishment.
- (iii) Abolition of the establishment of the McMahon Museum, Quetta.
- (iv) Abolition of the Chagai Political Agency and its transfer to the charge of the Assistant Political Agent, Kalat, under the supervision of the Political Agent, Kalat. (Shorarud to be placed under the Political Agent of Quetta-Pishin.)
- (v) Abolition of the post of the sixth officer of the Zhob Militia.
- (vi) Reduction of ·60 lakh in the Agency grant for petty construction and repairs.

The Agent to the Governor General has added that the reductions under Medical, Veterinary, Zhob Militia and Petty Construction and Repairs would be restored as soon as finances permitted the restoration.

(7) *Our proposals*.—As usual we shall deal, *seriatim*, with the individual heads of account.

ACCOUNT I.—Land Revenue.

The following table illustrates the growth of expenditure :—

				1924-25.	1929-30.	1930-31.	1931-32.
Charges of Administration	..	..	..	1·77	1·95	2·02	2·01
Land Records	..	..	..	·89	1·09	1·10	1·15
Miscellaneous	..	..	..	·16	·77	·77	·71
Works	..	..	..	..	·11	·28	·12
Total				2·82	3·92	4·17	3·99

The increase of .24 under "Charges of Administration" since 1924-25 has been due to (i) revision of pay of the clerical establishment in 1927-28, (ii) grant of house-rent and other allowances from 1928-29, in particular to establishment serving in certain remote areas, and (iii) revision of travelling allowance rates for tahsildars and naib-tahsildars. The strength of the Land Revenue establishment is the same now as it was in 1925-26.

The increase of .26 under "Land Records" is due to (i) the accrual of increments of pay, some increase of establishment and entertainment of outsiders in the place of reserve patwaries officiating in the permanent list; and (ii) grant of compensatory allowances to establishments stationed in remote localities. There were 158 Kanungos and Patwaries in 1925-26, 148 in 1926-27 and 152 in 1930-31. The 1931-32 provision is for 154.

The increase of .55 under "miscellaneous" is due to the grant of "grain" allowances and to the change in accounting under which land revenue assignments, which were formerly treated as deductions from revenue, are now treated as expenditure proper.

Under "Works" the increase of .12 is nominal; the cost of petty construction and repairs which used to be charged to the head "General Administration" prior to 1928-29 is now charged to Land Revenue.

Departmental offer and our proposals.—The department has offered a saving of .36 lakh. While recognising the necessity for the maintenance of accurate records of titles and claims relating to land, we consider that a saving of .50 lakh should be effected. The reduced provision will still leave a reasonable increase over the actuals of 1927-28.

ACCOUNT II.—*Excise, Stamps, Forests and Registration.*

The growth of .36 since 1924-25 in the expenditure under "Excise" was caused by (i) an increase of establishment and revision of pay and the consequent increase in other charges and (ii) the treatment as expenditure proper of the cost of opium supplied to the Excise Department which was formerly charged to a suspense head. "Forests" expenditure has increased by .10 since 1924-25 due to increase under conservancy and works, revision of pay and increase of establishment.

Departmental offer and our proposals.—The department has offered a saving of .11 lakh in the total budget provision of .97 lakh, reducing the expenditure to the level of 1929-30. We consider the offer satisfactory and recommend its acceptance.

ACCOUNT III.—*General Administration.*

The cost of the administrative and executive establishments is shown under the head "Political". The Agent to the Governor General is also the Chief Commissioner of the province. Each Political Agent is also Deputy Commissioner and the administrative head for such portion of his charge as forms part of British India. He is also District and Sessions Judge. Baluchistan is, however, essentially, a Political Agency rather than a minor British Indian Administration.

The expenditure recorded under this Account is incurred on the following services :—

(i) Treasury establishments .. .. .	..	..	..	..	·28
(ii) Road-side trees, dak bungalows, Residency and other gardens, etc.	..	..	..	..	·60
(iii) Other connected expenditure .. .. .	..	..	..	..	·44
(iv) Petty construction and repairs .. .. .	..	..	..	..	·25
				Total	1·57

The expenditure has varied as below :—

	1924-25.	1929-30.	1930-31.	1931-32.
Treasury establishment	·25	·28	·28	·28
Other establishments	1·39	1·11	1·05	1·02
Establishment charges paid to other Governments .. .. .	..	..	·02	·01
Works .. .. .	..	·24	·31	·26
Total ..	1·64	1·63	1·66	1·57

The decrease of ·07 as compared with 1924-25 is nominal. Consequent on the transfer since 1924-25 of expenditure on petty construction and repairs from this head to the respective heads to which they relate, expenditure on "Works" has decreased by ·25 and that on grants-in-aid included in this account by ·01. Increase of establishments, revision of pay and the consequent growth of expenditure under Allowances and Contingencies account for an increase of approximately ·19 lakh.

Departmental offer and our proposals.—The department has offered to reduce the expenditure by ·34 lakh. The provision in the account is, to a very large extent, for the upkeep of the Residency and other gardens, road arboriculture and staging and dak bungalows. Expenditure of this type is amenable, and should be subjected, to serious reduction in times of financial stringency like the present. We propose that a reduction of at least ·40 should be made in the 1932-33 provision :—

ACCOUNT IV.—Administration of Justice.

The following table shows that nominally there has been a growth of ·26 in expenditure :—

	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
Law Officers	·01	·01	..	·01	·02	..	·01	·01
Civil, Sessions Courts	·18	·15	·14	·16	·15	·15	·16	·17
Criminal Courts	·27	·34	·53	·53	·58	·57	·52	·55
Works .. .. .	..	..	..	..	·03	..	..	..
Total ..	·46	·50	·67	·70	·78	·72	·69	·73

In fact expenditure has been almost stationary, the apparent increase being due to the transfer from the head "Political" of the cost of an Extra Assistant Commissioner working as Additional District Magistrate and Additional Judge.

The staff too has remained almost the same since 1925-26 with the exception just explained. The department has offered a reduction of .01 and we have no further reduction to suggest.

ACCOUNT V.—*Jails and Convict Settlements.*

The growth of expenditure on, and of the staff kept for, jails is very striking. The following table shows the former (in lakhs) :—

1913-14.	1920-21.	1922-23.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
.34	.80	1.00	.70	.76	.96	1.18	1.26	1.20	2.44	2.17

In 1926-27 the entire staff consisted of 4 jailors and 74 subordinate establishment ; the 1931-32 budget provides for a costly Superintendent of a Central Jail and 3 Deputy Superintendents each in receipt of a special pay of Rs. 50 per mensem, and a subordinate establishment of 3 Assistant Superintendents and 238 warders, etc. The heavy growth of staff and expenditure not only in the Jails budget but also, to some extent, under Police, is due to the construction and maintenance of the central jail at Mach in charge of a Military Assistant Surgeon drafted for service as Superintendent. Some of the growth is only nominal, since the administration is now meeting the cost of its own long-term prisoners, who used to be kept at Baluchistan's expense in various jails in India.

We observe a similar phenomenon in the case of the North-West Frontier Province. In either case we consider that the growth of the jail population and the necessity felt by the administration to construct and maintain its own central jail are not a favourable commentary on the system and the actual methods of dealing with crime. The increased burden to the central revenues is obvious and we hold that it should have been avoided.

Departmental offer and our proposals.—The department has offered a saving of only .15. The actual expenditure in 1929-30 was only 1.20. We concede that the new central jail must add to some extent to the cost, but must at the same time save the cost of maintaining prisoners in jails outside the province. We may here draw attention to our remarks on this subject in connection with the North-West Frontier Province. Curtailment of the provision for jails can go a long way towards the adoption of the proper policy and practice as regards the relative merits of imprisonment and other forms of reformatory action. On other grounds too we can support a recommendation for a substantial cut in the provision for jails. We have set them forth in the chapter on the North-West Frontier Province and need not reiterate them. Our recommendation is that the provision for jails should be reduced by at least .50 lakh. Even then the budget will stand at a figure 150 per cent. above the actuals of 1924-25.

We must however repeat what we have explained in the chapter on the North-West Frontier Province, viz., that the scales of dieting, clothing, bedding, etc., must not be reduced in this province with its trying and extreme climate. The reduction proposed by us should be effected under establishments, allowances, etc.

ACCOUNT VI.—Police (12·74 lakhs).

TABLE.—Growth of expenditure.

	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
Pay of officers ..	·50	·42	·40	·42	·44	·40	·47	·54
Pay of Police Force and office establishment.	7·89	8·00	8·03	8·08	8·14	8·19	8·85	9·38
Travelling allowance	·38	·42	·43	·45	·52	·60	·58	·57
Other Allowances ..	1·06	1·26	1·10	1·06	1·08	1·05	1·00	1·04
Clothing and Arms and Ammunition.	·61	·59	·75	·91	·24	·48	·19	·05
Other Supplies and Services.	·10	·15	·14	·01	..	·01	·01	·01
Contingencies ..	·56	·54	·56	·50	·53	·53	·56	·49
Grants-in-aid ..	..	..	..	..	·03	·39	·58	·63
Deduct—Recoveries ..	..	..	..	..	..	..	—01	—01
Contribution to Punjab for training school.	·05	·01	·02	·02	·02	·02	·02	·02
Works ..	..	..	..	..	·02	·05	·05	·02
Total ..	11·15	11·39	11·43	11·45	11·02	11·72	12·30	12·74

The expenditure has been rising almost continuously. The increase of police expenditure was nearly 138 per cent., viz., from 5·11 in 1913-14 to 12·16 (budget) for 1922-23. The Inchcape Committee drew attention to it and ascribed the growth of police and political expenditure to the prevalence of disturbed conditions on the frontier. Almost a decade has passed since those remarks were recorded, but no relief to central revenues has resulted so far as this expenditure is concerned. Mr. Jukes drew attention to the tendency to "over-estimating" in this budget. Even compared with 1928-29, the current provision is over 15 per cent. more.

We note that the staff too has been growing, as the following table shows :—

	1925-26.	1928-29.	1929-30.	1930-31.	1931-32.
Officers	5	5	6	6
Police Ranks	2,198	2,070	2,202	2,376
Other establishment	61	63	63	68

In this connection we must also draw attention to the heavy expenditure on frontier watch and ward by the various civil defence forces whose duties are alleged to stand midway between those of the regular Army and the armed district police. Conversely, some portion, at least, of the ordinary police including the mounted police is often called upon to perform frontier duties, e.g., dealing with outlaws, raiders and other desperados.

The department has offered a reduction of 1·03 lakhs. The details of the offer were not supplied to us. Apart from a few broad suggestions for the

reduction of expenditure we recommend that the provision be subjected to a block cut of 1·50 lakhs. The specific suggestions we make are :—

- (i) One of the officers' posts should be cut out. Even as late as 1929-30 there were only 5 officers. This will yield a saving of nearly ·06 and will be in accordance with Government's instructions that officers' posts in all departments should be reduced by 10 per cent.
- (ii) Until 1928-29 there used to be no special pay for the Superintendent. One of Rs. 150 per mensem is now in force. We recommend its abrogation ; saving ·02.
- (iii) The growth of the police force by 8 per cent. in one year (from 2,202 in 1930-31 to 2,376 in 1931-32) is, we consider, in excess of the requirements of the province. But, in fact the growth of the police force is even greater than these figures show. In addition to the regular force we find that there is a substantial additional temporary police force costing ·20 lakh for the central jail at Mach. There is another provision of Rs. 1,300 for temporary police force. We cannot accept the reasons for such heavy growth of the police force in one year and must urge its reduction by a substantial number. Conditions in Baluchistan are comparatively quiet, at any rate more so than in the aftermath of the Third Afghan War, and the needs of the North-West Frontier Province furnish no valid analogy. We recommend that every effort should be made to work down to the 1928-29 strength.
- (iv) Inchcape Committee suggested that a reduction in the scale of pay for new police recruits seemed possible. The department explains that a reduction of ·50 was made in the provision for the pay of Head Constables and Constables and the specific question of reduced scales of pay was therefore not pursued. We are not satisfied that this was a valid ground for dropping the question and we suggest that it should be examined afresh. The times are, if anything, more propitious for the introduction of the suggested change than they were in 1922-23 or 1923-24.
- (v) In view of the low prices prevailing, the provision for police clothing and equipment should be curtailed. Since the question is already under examination by the department, we refrain from proposing a concrete figure.
- (vi) Further, we suggest that the cost of the special police force for the Mach Central Jail might be shown under the head Jails, etc.; otherwise the picture of the growth of expenditure would be misleading.

ACCOUNT VII.—*Ecclesiastical.*

The 1931-32 provision is ·33 lakh and has already been dealt with in Part II of our report.

ACCOUNT VIII.—*Political.*

The expenditure has nominally grown by only '68 lakh. In fact the growth is over a lakh and a half. This is because certain items which used to appear under "Political" now appear under "Administration of Justice" and "customs" and also because the 1924-25 figures included an unusual outlay (*viz.* '55) on a railway survey. The real growth of expenditure thus becomes 1'65 and has been caused by an expansion of staff resulting in enhanced outlay on pay, allowances and contingencies, revision of pay and accrual of annual increments.

The Inchcape Committee observed that expenditure on "Political" had been growing rapidly, having increased by over 75 per cent. in the period 1913-14 to 1922-23. This head then included Frontier Watch and Ward. Compared with the figures reviewed by that Committee expenditure has grown by about five lakhs. Under "Political", however, expenditure nominally did not grow appreciably until 1931-32.

The department has offered to reduce the expenditure by 1'87 lakhs. We consider this offer satisfactory as it will take the expenditure back to the 1924-25 level and we recommend that it should be accepted.

We may, however, draw attention to the need for scrutinising the numbers of agencies and of superior posts and the need for the grant of special pays and allowances including the language allowance. We approve the department's proposal to abolish the Chagai Agency by amalgamating part of it with the Kalat Agency and a part with the Quetta-Pishin Agency. As regards superior appointments, the need for the post of a Revenue Commissioner on the same scale of pay as in the North-West Frontier Province should be reconsidered. The "area" budget to be handled is less than one-third of that of the North-West Frontier Province and therefore the post can perhaps be abolished or at least reduced in status. The special pay of Rs. 350 to the Residency Surgeon is out of all proportion to his duties as the so-called Chief Medical Officer. It appears to be based on the analogy of the North-West Frontier Province. But the Chief Medical Officer's duties in Baluchistan (*viz.*, Medical attendance on the Residency staff, supervisory and co-ordinating charge of all medical work, examination of indents and inspection of hospitals and dispensaries) can by no means be compared with the duties of the Chief Medical Officer in the North-West Frontier Province and even in that case we have already recommended a reduction of Rs. 150 per mensem. We presume that since Quetta is the headquarters of the Western Command, army surgeons are available. We also understand that the army has got its own medical directorate at Quetta. So far as railway employees are concerned, we presume that surgeons in the employ of the railway are also available on the spot. If so we cannot understand how the duties of the Civil Surgeon can at all be very heavy with only a small civil population to look after. Hence our proposal is that this post should be amalgamated with that of the Civil Surgeon of Quetta. If the department considers this impossible on the ground that the Civil Surgeon's duties are heavy, we suggest the creation of a post on a lower scale of pay for Quetta. In any case, the Chief Medical Officer's special pay should be abolished. In the case of Delhi, Ajmer, etc., also we have

recommended such abolition. We presume that Government's instructions about the reduction of the number of officer's posts by ten per cent. will be carried out in the case of superior officers posted to Baluchistan and must that the posts to be abolished will be at least evenly distributed among the various grades. Since we recommend the acceptance of the reduction offered by the Foreign and Political Department, we need not examine the various heads of expenditure in detail. A casual glance at the estimates, however, shows that there are items on which expenditure can be reduced without serious inconvenience to officers or risk to the administration. We trust that though we recommend acceptance of the block cut, the general line along which we have worked out our retrenchment schemes in the case of other areas, agencies and departments will be kept in view by the department in giving effect to our recommendation.

ACCOUNT IX.—*Frontier Watch and Ward.*

Excluding the provision for "Works" the cost on Frontier Watch and Ward has been as follows:—

1924-25	'25-26	'26-27	'27-28	'28-29	'29-30	'30-31	'31-32.
25·04	25·46	26·49	27·25	27·92	28·95	28·60	28·75.

Expenditure on Frontier Watch and Ward used to be included in that on "Political" and it is not easy to work out separate reliable figures for 1913-14 and 1922-23.

We may draw attention to our general remarks relating to Frontier Watch and Ward in the case of the North-West Frontier Province. The problem of defending the Baluchistan frontier by civil formations organised, disciplined and equipped on the lines of the army, is in essence similar to, though undoubtedly smaller in scale than, that in the North-West Frontier Province. The following table shows the strength of the formations maintained for the watch and ward of the Baluchistan frontier:—

	Officers.		Men.	
	1924-25.	1931-32.	1924-25.	1931-32
(i) Zhob Militia	8	1,267
(ii) Mekran Levy Corps	3	490
(iii) Chagai Levy Corps	167+186

In 1927-28 an addition of 4 Indian officers and 148 men to the Zhob Militia was sanctioned with the object of restoring the pre-1919 degree of control over the Zhob Agency which had received a set-back in 1919. The Chagai Levy Corps (strength 167) was sanctioned as a permanent measure in 1929-30 with the objects of (a) replacing the regular troops till then employed for the protection of the Nushki Extension Railway, (b) watching the Afghan border near Pishingi and prevention of raids from the Pishingi and Bostan directions and (c) prevention of raids through Shorarud into Kalat. Besides the permanent portion of 167 men there is a temporary portion (186 ranks) of the Chagai Levy Corps. This portion is the additional body sanctioned in 1924 as a temporary measure to guard the Perso-Baluch border on the withdrawal of regular troops from Khwash, Mirjawa and Duzdap and from the railway stations to the west of Dalbandin. Experience showed the difficulty of controlling this additional

*Not available.

force from Mekran and the control was transferred to the Political Agent at Chagai. Besides the expenditure on the Levy Corps themselves some miscellaneous expenditure is also incurred. A Police Intelligence Bureau is maintained in charge of an Intelligence Officer (pay Rs. 1,500) in connection with the Frontier Watch and Ward. Apart from the medical establishment attached to the Levy Corps themselves, a hospital establishment consisting of 4 Sub-Assistant Surgeons and 13 others is also maintained.

Other civil armed forces called district levies are also maintained; they are in the nature of tribal police. In some cases they provide their own arms; in others the arms are provided by Government. Their strengths in 1924-25 and 1930-31 are:—

Name of District.	1924-25.	1930-31.
Quetta-Pishin	453	440
Sibi	628	627
Chagai	53	40
Loralai	343	354
Kalat	249	258
Zhob	683	727
Headquarter Levies	21	21
Total ..	2,430	2,467

The net increase of 37 in the total strength was caused by the need felt to employ 85 additional men for the protection of the Harnai Fort-Sandeman Road (40 men), Zhob Valley Railway (26 men) and the Loiband Post (19 men for six months in the year) counter-balanced by a decrease of 48 in the levies otherwise employed.

The department has informally offered a reduction of 2·14 lakhs.

Our proposals—We may first draw attention to our remarks in Chapter III on the subject of charging Frontier Watch and Ward expenditure to the Army budget. Pending a decision on that question, we consider that a reduction in expenditure appreciably in excess of that offered by the department should be effected. So far as we are aware, Baluchistan is comparatively quiet. The Inchcape Committee considered even the 1922-23 scale of expenditure on Frontier Watch and Ward (then included in "Political") excessive and recommended a reduction which even on a pro-rata basis would amount to about 2 lakhs. Or to put it in other words it recommended for "Political" and for "Frontier Watch and Ward" a combined budget of about 40 lakhs. This recommendation, however, took account of the fact that as a result of the third Afghan War conditions on the frontier, including in this case Baluchistan, were still considerably disturbed. This special factor is no longer in existence. We therefore think that every attempt should be made to bring down the expenditure on Frontier Watch and Ward to a figure not exceeding that recommended by the Inchcape Committee. Compared with 1924-25 expenditure has grown by 3·71 lakhs, and, as remarked by Mr. Jukes, has been almost entirely caused by increases of establishment in the various constabulary and levy corps employed on the frontier. Further, we understand that

the line now finishes at Kundi Koh ; if so, we consider that the strength of the Chagai levies could be considerably reduced.

In the light of all these considerations we recommend that the reduction should be at least 4 lakhs. Even when full effect is given to our recommendation, the expenditure on this head will still be appreciably in excess of that incurred in 1920-21.

ACCOUNT X.—Education.

Expenditure has grown from 2·33 in 1924-25 to 3·83 lakhs. There is no educational institution of the rank of a college and, so far as we can see, only one Government High School. The inspection staff consists of an Inspector of Schools, an Assistant Inspector and a Junior Assistant Inspector. The department informed us that proposals for retrenchment in the educational expenditure were being examined and that the result of the examination would be communicated. We do not know the conclusions the department has reached. As regards our own view we may draw attention to our remarks in Part I* of our Report, where we have pointed out the undesirability of curtailing expenditure on Education, which as a matter of fact receives wholly inadequate support from public funds. In this province as in the North-West Frontier Province it is mainly by means of education that the political, administrative and social problems can ever be permanently solved. We are unable to share responsibility with the department for any reduction in the educational grant. We have laid it down as a policy that beneficent activities which are now more or less starved should not be brought under retrenchment and we see no reason whatsoever to depart from that rule in this case.

ACCOUNT XI.—Medical (3·46) and Public Health (·15).

Total medical and public health expenditure has grown as shown below :—

Sub-Head.	1924-25.	1931-32.	Increase (+)
	Actual.	Budget.	or Decrease (—).
	Rs.	Rs.	Rs.
A. Medical Establishment	66,798	60,200	—6,598
B. Hospitals and Dispensaries	2,49,028	2,75,900	+26,872
C. Mental Hospital	4,127	5,000	+873
D. Medical Colleges and Schools Contributions to other Governments, Departments, etc. . .	..	4,600	+4,600
E. Medical Works	700	300	—400
F. Public Health establishment	10,427	10,800	+373
G. Grants-in-aid for Public Health purposes ..	4,000	4,200	+200
Total ..	3,35,080	3,61,000	+25,920

The department explains that medical expenditure has during the same period grown by 65 per cent. in the Punjab against only 7 per cent. in Baluchistan. The higher *per capita* expenditure (fourteen annas in Baluchistan against six in the Punjab) is attributed to the political importance of medical and health work in a frontier province. It has, all the same, informally offered

* Chapter I, paragraph 10, page 6.

·40 under " Medical and Public Health ". We have, generally speaking, not seen our way to recommend the acceptance of the departmental offers to reduce expenditure under such beneficent heads. In this case, however, we recommend that, subject to what we have stated about special pays and allowances, the department's offer should be accepted.

ACCOUNT XII.—Agriculture, Veterinary, Museum, Mineralogical exploration and miscellaneous departments.

The budget provision for 1931-32 is 1·62 lakhs and the department has offered ·63 under this head of Account. We must enter our emphatic protest against the proposal of the department to abolish the fruit farm and the agricultural officer and establishment. In our opinion this is the industry which holds out the greatest promise for this province and it ought to be a serious concern of the department to see that horticulture is properly developed which would mean not only a source of wealth to the province but also of considerable employment to its poor inhabitants and consequentially a reduction of expenditure on the political and military forces quartered in Baluchistan. It will have generally a distinct civilising effect besides supplying the rest of India with fruits (dried as well as fresh). We further think that the railways should provide adequate facilities in the form of cold storage. If horticulture is fully developed all along the north-west frontier and Baluchistan, there should be no lack of fruits for the whole of India. Subject to these remarks we recommend that the offer be accepted.

ACCOUNT XIII.—Miscellaneous.

The 1931-32 provision is 2·60 lakhs and the department has offered a reduction of ·13.

1·515 lakhs is the aggregate of quit-rents payable to His Highness the Khan of Kalat and Nushki. Compensations to that ruler and to the ruling family of Khetran and other compensations amount to Rs. 32,400. For purposes of retrenchment, the provision of 2·60 lakhs is thus reduced to ·76 lakh. We consider the offer to effect a reduction of ·13 (i.e., 17 per cent.) satisfactory and we recommend its acceptance.

Special pays and allowances.

In the case of Baluchistan also we may draw attention to what we have stated on this subject in Chapter III (page 54) on the North-West Frontier Province and we make the same recommendation, viz., that all special pays and allowances (except fixed travelling allowances and payments charged to railways, estates and other funds) should be reduced by 50 per cent. In this case also we have not been able to work out a precise estimate of the total resultant saving. But so far as we can see, our proposal should yield about ·20 lakh on officers' special pays and allowances.

(8) *Beneficent activities.*—We are distinctly of the opinion, as we have made it clear on more than one occasion that beneficent activities, e.g., education, medical, agriculture, veterinary should not be subjected to any reduction. We have noticed that, in fact, the Government of India have so far done very little indeed to encourage the growth of such activities. Although we notice that in recent years Government have increased the

expenditure on education, we contend that even then it falls short of the needs of the country.

(9) *Summary of savings.*—On our proposals the expenditure under the “area” grant for Baluchistan will be reduced by 10·25 lakhs as follows:—

Account I.—Land Revenue	·50
Account II.—Other Revenue Heads	·11
Account III.—General Administration	·40
Account IV.—Administration of Justice	·01
Account V.—Jails	·50
Account VI.—Police	1·50
Account VII.—Ecclesiastical (dealt with in part II) .. .. .	..
Account VIII.—Political	1·87
Account IX.—Frontier Watch and Ward	4·00
Account X.—Education	Nil
Account XI.—Medical and Public Health	·40
Account XII.—Agriculture, etc.	·63
Account XIII.—Miscellaneous	·13
Special pays and allowances	·20

In addition, we have proposed a saving of 2·25 lakhs on Baluchistan—Frontier Watch and Ward, Buildings and Communications (non-area). Further there will be some saving on the special pays, allowances, etc., of establishments of which we are unable to estimate the amount.

Out of the total saving of 12·50 lakhs about four lakhs will be a saving on the administration of “Provincial” subjects, and to this extent the existing gap between “provincial” expenditure and revenues will be narrowed.

CHAPTER V.

GRANT No. 81.—AJMER-MERWARA.

(1) *Introduction*.—The “province” of Ajmer-Merwara is an isolated British-Indian enclave in the centre of Rajputana. It consists of two districts, viz., Ajmer and Merwara, divided for administrative purposes into three tahsils. The area is 2,710 square miles and the population a little over 5½ lakhs. Ajmer City (population nearly one and a quarter lakhs), Beawar, Kekri and the Cantonment of Nasirabad are the important urban areas. Pushkar about 7 miles from Ajmer is an important town and one of the most important places of Hindu pilgrimage. Ajmer City contains the famous *dargah* which also attracts thousands of Muslim pilgrims from all over India.

Being in the centre of Rajputana the city of Ajmer commands an exceptionally favourable situation from the point of view of political control over the Rajputana States. It has therefore always been prized by powers aspiring to the suzerainty or political domination of Rajputana. From the Moguls it was wrested by the Rajputs who ceded it to the Marathas; the latter held it till the break-up of the Peshwa's power in 1818. In that year the Scindhia ceded the district of Ajmer to the East India Company. Under a treaty with the Scindhia concluded in 1860 five villages were added to the district.

The district of Merwara was formed out of territories taken from the Mewar and the Marwar States and placed under British administration. Subject to certain stipulations as regards the payment of revenues and the disposal of revenues in excess of certain figures the Government of India have and exercise full administrative control over both portions of Merwara. The district of Merwara was amalgamated with the district of Ajmer in 1842.

(2) *Organisation*.—This area or “province” is a true minor administration controlled by the Foreign and Political Department and is administered by a Chief Commissioner who is also Agent to the Governor General for Rajputana. His pay is charged, *in toto*, to the Rajputana estimates. The Judicial Commissioner of the Western Indian States Agency is also Judicial Commissioner for Ajmer-Merwara, but his whole pay is debited to the estimates of the former.

The district administration is on the usual lines, except that the district officer is called a Commissioner and gets a special pay of Rs. 150 p. m. He is assisted by an Assistant Commissioner and three Extra Assistant Commissioners. There is also a fourth Extra Assistant Commissioner whose post is borne on the Excise estimates; he is called Superintendent of Excise.

Wherever necessary, the staff employed for the various services will be described in the body of our proposals.

(3) *Expenditure and revenues*.—The 1931-32 provision for the “area” is 18·48 lakhs. Besides, there are provisions aggregating 17·46 lakhs but included in other demands.

The following table shows how the expenditure on the various sub-heads of the “area” grant and on certain grants provided under other demands has grown. In this connection we draw attention to our remarks in connection with the Delhi grant. In particular, the provision of 14·62 lakhs for the payment of interest on ordinary debt and the major portion of 2·15 for pensions have nothing to do with the administration of Ajmer-Merwara as such.

Expenditure on.	1922.	1924.	1925.	1926.	1927.	1928.	1929.	1930.	1931.
	23.	25.	26.	27.	28.	29.	30.	31.	32.
Land Revenue	1.25	1.17	1.22	1.30	1.23	1.31	1.36	1.32	1.33
Excise .. ..	.29	.29	.35	.38	.37	.37	.36	.37	.37
Stamps .. ..	.06	.06	.07	.07	.06	.18	.06	.06	.07
Forests .. ..	.40	.49	.55	.80	.83	.76	.81	.76	1.19
Registration .. ..	.02	.02	.02	.03	.03	.02	.02	.03	.03
General Administration ..	1.61	1.32	1.42	1.57	1.60	1.46	1.55	1.44	1.52
Administration of Justice ..	.94	1.00	1.03	1.11	1.12	1.15	1.23	1.22	1.24
Jails, etc. .. ..	.58	.56	.55	.55	.60	.52	.49	.60	.62
Police	3.86	3.57	3.90	3.76	3.71	3.67	3.69	3.79	3.68
Scientific Departments ..	.05	.03	.04	.04	.04	.04	.04	.04	.05
Education	2.38	2.32	2.48	2.64	3.36	3.66	4.17	4.52	4.95
Medical .. ..	.68	.72	1.31	1.29	.91	.94	.99	1.26	1.22
Public Health .. ..	.02	.02	.04	.04	.04	.04	.04	.04	.04
Agriculture, etc. .. ..	.21	.26	.28	.29	.45	.43	.43	.44	.45
Miscellaneous Departments	.02	.01	.05	.06	.05	.07	.07	.08	.08
Famine Relief .. ..	..	..	.09	.90	..	..	..	..	1.31
Pensions, etc.	1.94	1.39	1.93	1.72	1.78	1.75	1.92	2.06	2.15
Stationery and Printing ..	.10	.03	.03	.05	..	..	.01	.01	.01
Miscellaneous charges ..	.21	.25	.18	.17	.17	.17	.18	.23	.18
Total "Provincial" ..	14.62	13.51	15.54	16.77	16.35	16.54	17.42	18.27	20.49
Taxes in Income .. ..	.06	.07	.09	.09	.09	.10	.10	.10	.11
Ecclesiastical .. ..	.19	.23	.19	.22	.13	.18	.14	.15	.16
Currency .. ..	.35	.26	.35	.59	.41	.38	.30	.35	.35
Territorial and Political Pensions. .. ..	.01	..	..	..	..	..	..	.01	.01
Census .. ..	..	..	..	..	..	..	..	.03	.03
Total "central" ..	.61	.56	.63	.90	.63	.66	.54	.64	.66
Grand Total ..	15.23	14.07	16.17	17.67	16.98	17.20	17.96	18.91	21.15

The following table gives the details of revenue and receipts under each head. It will be seen that the latest figures are in the neighbourhood of 17 lakhs.

	1924-	1925-	1926-	1927-	1928-	1929-	1930-	1931-
	25.	26.	27.	28.	29.	30.	31.	32.
Land Revenue	2.78	2.67	2.32	3.00	3.15	2.55	2.90	2.93
Excise	7.09	7.14	6.88	7.08	7.44	7.16	6.60	6.70
Stamps	2.63	2.58	2.71	2.98	3.04	3.03	3.18	3.18
Forests .. ..	.66	.73	.67	.77	.88	.94	.90	.92
Interest .. ..	.40	.46	.36	.34	.55	.38	1.40	.39
Registration .. ..	.12	.12	.12	.13	.13	.15	.14	.14
Administration of Justice ..	.54	.30	.24	.22	.22	.23	.18	.20
Jails and Convict Settlements ..	.12	.12	.10	.16	.15	.12	.14	.15
Police .. ..	.04	.05	.06	.09	.08	.10	.03	.03
Education .. ..	.35	.36	.39	.34	.37	.39	.38	.37
Medical .. ..	.01	.01	..	.01	.01	.01	.01	.01
Miscellaneous Departments ..	.02	..	..	..	.03	.03	.10	.10
Superannuation Allowances and Pensions.	.03	.02	.04	.33	— .01	.04	.04	.04
Stationery and Printing .. ..	..	..	..	..	..	.07	.07	.06
Miscellaneous Charges .. ..	.02	— .03	.10	— .29	.03	.05	.02	.01
Total "Provincial Subjects."	14.81	14.53	13.99	15.16	16.07	15.25	15.09	15.23
Taxes on Income	2.62	2.45	2.01	2.73	3.07	3.80	2.12	2.12
Customs .. ..	.92	.90	..	..	..	..	..	..
Currency .. ..	..	.01	.01	..	..	.01	.01	.01
Total 'Central' Subjects	3.54	3.36	2.02	2.73	3.07	3.81	2.13	2.13
Grand Total	18.35	17.89	16.01	17.89	19.14	19.06	17.22	17.36

After a review of the revenue and expenditure position Mr. Jukes' conclusion was that this province was a "deficit" one to the extent of about four, or, if receipts from central subjects be excluded, six lakhs. Since he wrote, the gap has become wider. But his conclusion has been challenged, mainly on the ground that under the present arrangements for its administration the province has to bear some expenditure which is in essence foreign to it. The issue is important from the point of view of the place which should be assigned to it in the future constitution of India. We have not had time to examine this question critically and we are content to leave it open.

Analysis of the growth of expenditure.—There has been no major change to explain the growth of expenditure. Hence we consider it will be more useful if we give reasons for the growth of expenditure, wherever necessary, in the body of our proposals and as explanatory thereof rather than analyse the reasons in one place.

(4) *Inchcape proposals.*—The Inchcape Committee remarked that expenditure on Ajmer-Merwara had grown from 9·09 lakhs in 1913-14 to 15·33 lakhs in 1922-23. Although the receipts (10·50 lakhs) taken into consideration by that Committee were in excess of the expenditure (17·30 lakhs), it felt constrained to observe as below:—

“ We have recommended economies to the extent of Rs. 40,600. We have, however, been unable in the time available to go into details in the case of this small but expensive administration and we recommend that a special enquiry should be made on the spot with a view to effect immediate reduction of establishment as was done in the case of Coorg ”.

Accordingly Mr. Campbell was appointed to review the expenditure of Ajmer-Merwara. He made various proposals. From the table given in paragraph (3) it will be seen that in fact the expenditure grew by over 9 lakhs during the period 1924-25 to 1929-30. We shall, if necessary, refer to detailed proposals made by the Inchcape Committee under Police, etc., in the body of our own proposals. Here we may only observe that the growth of expenditure has taken place largely under the heads “ Education ”, “ Civil Works ”, “ General Administration ”, “ Administration of Justice ”, “ Forests ”, “ Irrigation ”, “ Medical ” and “ Pensions ”.

(5) *Department's proposals.*—The department has offered a reduction of 2·45 lakhs as shown below:—

	1931-32 Budget. Reduction.	
	Rs.	Rs.
Land Revenue	1-33	0-14
Excise	0-37	0-01
Stamps	0-06	..
Forests	1-20	0-14
Registration	0-03	..
General Administration	1-52	0-02
Administration of Justice	1-24	0-03
Jails and Convict Settlement	0-62	0-01
Police	3-68	0-32
Ecclesiastical	0-16	..
Museum	0-05	—
Medical	1-22	0-21
Public Health	0-04	..
Agriculture	0-45	0-04
Miscellaneous Departments	0-07	—
Famine Relief	1-31	1-31
Miscellaneous charges	0-18	0-03
Details awaited .. .. .	..	0-19
Total	13-53	2-45

It will, however, be noticed that the offer includes a saving of the entire provision, viz., 1.31 lakhs on account of Famine Relief. This reduction is automatic and although it does help the budget position for 1932-33, it can in no sense be regarded as genuine retrenchment.

On the total "area" grant of 18.48 lakhs this works out at a little over 13 per cent. or if 1.31 lakhs offered under "Famine Relief" be excluded, 6.2/3 per cent. The aggregate budget provision of the items on which the reduction has been offered is 13.53 lakhs; on this basis the reduction offered works out at 18 per cent. and excluding the savings under famine relief at a little over 9 per cent.

Distributed under sub-heads, the reductions will appear as shown below:—

						1931-32 budget. Reduction.	
						Rs. (in lakhs).	Rs. (in lakhs).
Pay of officers	..	..	..	..	..	2.15	0.04
Pay of Establishments	..	..	..	..	..	6.03	0.55
Allowances	..	..	..	..	..	0.61	0.10
Other charges	..	..	..	..	..	4.74	1.76
Total						..	13.53
							2.45

The department has also explained that the entire grant under the major head "Education", and the reductions proposed thereunder were at the time under scrutiny in the Department of Education, Health and Lands and therefore could not be included in the scheme of savings supplied to us.

(6) *Our proposals.*—

ACCOUNT I.

Land Revenue.—The 1931-32 provision is 1.33 lakhs. In 1922-23 the expenditure was 1.25. In consequence of the retrenchment campaign of 1922-23 the actuals of 1924-25 were 1.17 lakhs. The department has offered a saving of .14 lakh, which would take the expenditure, practically speaking, to the 1924-25 level. We recommend a reduction of .16. Although in the Skeleton Scheme supplied by us to the Finance Department in December 1931 we had recommended a reduction of .20, we have found reason to revise our recommendation slightly.

Excise.—The 1931-32 provision is .37. The department provisionally offered a saving of .01. The staff maintained consists of a Superintendent (Rs. 300—800) who has reached the maximum of his scale and six clerical and 34 subordinate executive establishment. We recognise that Excise is a very important head of the revenues of this province, the actual receipts of 1929-30 being 7.16 lakhs. We think, however, it should not be difficult to save .02.

Stamps.—The 1931-32 provision is .06 lakh. The expenditure is not amenable to reduction, since most of it is for charges for the sale of stamps and the value of stamps supplied from the Central Stamps Store Depot. We have no proposals to make.

Forests.—The 1931-32 provision is 1·195 lakhs. An Extra Assistant Conservator on Rs. 250—750 with a special pay of Rs. 100, a forest establishment of 57 and a ministerial and inferior establishment of 13 is the staff maintained in connection with forests. Apart from the cost of establishment, the main items of expenditure are (a) the removal by Government Agency of timber, etc., (b) rent of leased forests and payment to shareholders in forests managed by Government and (c) arboriculture on the Beawar-Dewair road in Merwara. The department has offered a saving of ·14 lakhs. We observe that the actual expenditure of 1929-30 was ·81 lakh. In that year conservancy, maintenance and regeneration cost ·41 lakh against the budget provision of ·79 lakh in 1931-32. Again we observe that the estimated receipts for 1931-32, viz., ·92 are slightly worse than the actual receipts of 1930-31, viz., ·94.

Our proposals regarding forests are :—

(a) The 1931-32 budget contains a provision of Rs. 35,000 for the payment of rent in respect of leased forests and payments to shareholders in forests managed by Government. These payments become due once in five years; the last payments were made in 1926-27. The Chief Commissioner has agreed that in the interests of reduction of expenditure the payments should be spread over three years. On his own proposals there should be a reduction of expenditure by ·20 for 1932-33. Besides, we suggest that the department might consider the question of making these payments annually so that the budget position might not undergo violent fluctuations every fifth year.

(b) The department has offered to reduce the expenditure by ·14 lakh. We consider that there is considerably more scope for retrenchment. The following statement of Revenue and Expenditure in 1924-25 and 1931-32 will in this connection prove useful :—

Expenditure.

	Actuals, 1924-25. Rs.	Budget, 1931-32. Rs.
<i>Conservancy and Works—</i>		
Non-voted .. .. .	..	35,000
Voted	24,227	44,400
<i>Establishments—</i>		
Pay of officers	19,821	9,400
Pay of establishment .. .. .	..	19,500
Other charges	5,077	7,400
<i>Deduct—Share of establishment charges transferred to</i> <i>“ 52-A—Forest Capital Outlay ”</i> .. .. .	..	—1,100
Interest on Forest Capital Outlay .. .. .	..	1,100
Share of Capital charges financed from ordinary revenues .. .. .	..	3,800
Total	49,125	1,19,500
Increase Rs.	70,375	

Revenue.

Actuals, 1924-25. Rs.	Budget, 1931-32. Rs.
66,062	92,000
Increase Rs.	25,938

The department's view is that the expenditure incurred was essential in the interest of enhanced forest revenues, *e.g.*, by the construction of new feeder roads to open up forest areas otherwise inaccessible. It points out that forest revenues as a whole have increased from ·66 in 1924-25 to ·92 (estimated) in 1931-32. It holds that retrenchment may jeopardise future revenue and impair the value of forests and involve the risk of waste of the expenditure already incurred.

The case made out by the department does not sound convincing to us and we draw attention to the following matters :—

- (1) Arboricultural operations for which a provision of Rs. 11,500 has been made in the 1931-32 estimates appear to us to be a local activity and not one to be financed from central revenues. In any case new arboricultural schemes or portions of such schemes can be held in abeyance.
- (2) The department undertakes certain commercial operations, for example, the manufacture of charcoal, the alleged ground being that the forests are so situated that private exploiters are not attracted. The result, however, is that 80 per cent. of the total cost is incurred on account of manufacture and transport by carts and coolies. The department thinks that if this departmental exploitation is stopped, the price of charcoal in Ajmer city would rise. We do not believe that such commercial operations are appropriate for a Government department. Besides, the principle underlying this view amounts, in our opinion, to a direct discouragement of private enterprise. We recommend that this activity be stopped and all resultant economies be given effect to.
- (3) We are not sure that in the present financial stringency further investment in "Conservancy, Maintenance and Regeneration" is necessarily a sound policy. We think that the programme should be slowed down and the voted provision for this should be reduced.
- (4) Of the increased expenditure about ·12 is a permanent increase due to the increase of establishment and revision of the pay of the Extra Assistant Conservator and his establishment and the consequential increase in travelling and other allowances. We consider that expenditure on account of the staff has been allowed to grow disproportionately to the growth of the forest revenues, and propose that both establishments and expenditure should be reduced. It should be possible to employ an Extra Assistant Conservator of lower standing in place of the present officer; and in any case the special pay of Rs. 100 should be abolished.

In the aggregate the department should reduce the expenditure to the level of 1929-30, *i.e.*, by ·38 lakh, including an automatic saving of ·20 already explained above.

Registration.—The 1931-32 provision is ·03. A ministerial and inferior establishment of five is maintained in connection with Registration. Apart

from the provision for its pay there is only a small provision of Rs. 200 for other charges. We have no recommendation to make.

ACCOUNT II.—*General Administration.*

The expenditure has grown from 1·32 in 1924-25 to 1·52 provided in the current budget. The peak was reached in 1927-28, when the expenditure went up to 1·60.

The superior staff has already been described. The ministerial and inferior staff numbers 97.

The department has offered a saving of ·02 lakh. We consider this inadequate.

The "Commissioner's" charge is light and the officer is borne on the regular cadre of the Political Department. Hence, we think, no special pay should be required.

In 1925-26 the strength of the district establishments was only 83. In 1931-32 it is 97 and the provision for temporary establishment is Rs. 3,100 as against Rs. 1,500 in 1925-26. We consider that establishment has been allowed to grow unduly rapidly. In our tentative proposals we had recommended a reduction of ·09. We observe that Government have effected a reduction of ·22. We have nothing more to suggest.

ACCOUNT III.—*Police.*

The district executive police is controlled by a District Superintendent of Police assisted by a Deputy Superintendent. The force itself consists of 38 subordinate officers and 823 ranks. An office establishment of 13 clerks and servants in addition to 5 others makes up the rest of the establishment in connection with the police.

The expenditure has not grown very much. It was 3·57 in 1924-25 and the revised estimates and the budget provision for 1930-31 and 1931-32 are 3·79 and 3·68, respectively. We also note that the strength of the force has remained more or less stationary. The department has offered a saving of ·32 lakh, and subject to what we state below, we consider the offer acceptable.

We are not quite sure that a small area like Ajmer-Merwara needs both a Superintendent and a Deputy Superintendent. We may here draw attention to the fact that there are an Inspector General of Police, a Superintendent and a Deputy Superintendent of Police in charge of the Rajputana Police. Instances can be given of ordinary districts of the size of Ajmer-Merwara where the police is controlled and administered by a Superintendent without the assistance of an Assistant or a Deputy. We therefore suggest that the post of Superintendent of the Railway Police might perhaps be amalgamated with that of the District Superintendent as, we understand, has recently been done in the United Provinces. If necessary, another Deputy Superintendent might be appointed to relieve the Superintendent of his routine duties.

In addition other economies should be effected so as to bring the total to 50 lakh,

ACCOUNT IV.—*Education (4.95).*

The provision for Education has more than doubled since 1924-25. The departmental scheme of reduction supplied to us did not mention any specific amount by which it was proposed to reduce the expenditure on Education. We now observe that the expenditure has been reduced by .64. We are not prepared to accept any responsibility for this reduction. The policy we have always pursued is that there should be no reduction in the expenditure on Education which in fact has not derived benefit to anything like the extent of the needs of the country.

ACCOUNT V.—*Other Expenditure Heads.*

A. Administration of Justice.—We have already stated that the Judicial Commissioner of the Western India States Agency is also Judicial Commissioner for Ajmer-Merwara. But his entire pay is debited to the Western India States Agency budget. The Commissioner is the Districts and Sessions Judge. An additional District and Sessions Judge (pay Rs. 1,000—1,200) and two subordinate Judges (pay Rs. 300—800), a Judge of a small cause court (pay Rs. 300—800) and a City Magistrate on the same scale are the judicial officers maintained for the district. The 1931-32 provision is 1.24 lakhs. Expenditure has been growing steadily as will be seen from the following table :—

1922-23.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
.94	1.00	1.03	1.11	1.12	1.15	1.23	1.22	1.24

Establishments have grown only in the following two cases :—

	1925-26.	1931-32.
General Establishment	26	28
City Magistrate's Establishment	25	31

In other cases we observe that there has been no appreciable growth. It thus appears that a good deal of the growth has been caused by factors other than the growth of staff. The department has offered to effect a reduction of .03 lakh. We recognise that a large proportion of the expenditure on judicial administration is incurred on the staff's pay.

In the skeleton scheme we suggested a reduction of .10. On further consideration, however, we think that the department should effect a reduction of .04.

B. Jails and C. Jail Manufactures.—The Civil Surgeon is in superintending charge of the jail and gets a special pay of Rs. 150. A whole-time jailor (Rs. 200—240) and an establishment of 50 including a dyer form the subordinate jail establishment. The 1931-32 combined provision for these sub-heads is .62 lakh. The actuals for 1929-30 were .49 lakh. The main items under which increased provisions have been made are dieting, clothing and similar charges and jail manufactures. The increased provisions were probably made in anticipation of political disturbance resulting in a larger jail population. The department has proposed a saving of Rs. 1,000. In our opinion, however, it should not be difficult to effect a reduction appreciably in excess of the departmental offer. To start with we consider that the jail duty allowance to the

Civil Surgeon should be reduced to Rs. 100—the same as that recommended by us for Delhi. Secondly, we observe that against an establishment of 38 in 1926-27 the establishment now numbers 50. This increase works out at nearly 32 per cent. in five years. In our opinion the staff is excessive. A reduction by at least five should be made; saving Rs. 1,540. Besides, as a mere result of lower prices of food stuffs, clothing, etc., it should be possible to save at least 10 per cent. over the provision of Rs. 32,000 for dieting clothing, etc. We may draw attention to the fact that this provision is about Rs. 8,000 in excess of the actuals of 1929-30.

The specific economies suggested by us amount to over .05 lakh and we recommend that expenditure should be reduced by at least .05 lakh. We must, however, make it clear that no reduction whatever should be made in the scales (qualitative and quantitative) of dieting, clothing and other facilities, amenities or concessions available to the prisoners. To the extent that a fall in prices enables any reduction to be made in the budget provision for jails, we have, of course, no objection to such reduction.

D. Ecclesiastical.—The total provision for Ecclesiastical is .16 lakh and has already been dealt with in Part II of our report.

E. Medical.—The 1931-32 provision is 1.22. The expenditure has grown as below :—

1922-23.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
.68	.72	1.31	1.29	.01	.94	.99	1.26	1.22

Medical staffs consist of (a) a Civil Surgeon, an Additional Civil Surgeon and two Assistant Surgeons, and (b) a clerical and inferior establishment of 12 and a medical establishment of 35. In the 1931-32 estimates there is, in addition, a further provision of .02 for the employment of establishments in connection with the medical and public health programmes. The Additional Civil Surgeon's appointment appears to have been created anew in 1926-27. The ministerial and inferior establishment which is 12 at present was only 7 in 1925-26. The medical establishment has grown by only one during these six years. The department has offered a reduction of .21. We do not, however, know the details. Presumably it is proposed to effect most of the saving under grants-in-aid for medical purposes, the expenditure on which was Rs. 1,340 in 1929-30 against the estimates of Rs. 26,200 and Rs. 22,900 in 1930-31 and 1931-32, respectively. If any portion of the 1931-32 provision for grants-in-aid is for a non-recurring purpose, we have no objection to the departmental offer of the non-recurring portion being accepted. Otherwise in a beneficent department like Medical we cannot see our way to recommend the acceptance of the departmental offer, particularly under grants-in-aid. Some scope for retrenchment such as would not detract from the utility of the department to the public is, however, available and we proceed to indicate it below.

There is a provision of Rs. 3,000 per annum for a duty allowance to the Civil Surgeon. Ajmer is not a very large city and instances can be quoted of Civil Surgeons of bigger stations and incharge of larger districts who get no duty allowance or special pay. If this duty allowance is the special pay to the Civil Surgeon for his duties as Chief Medical Officer, we recommend its abolition as we did in the case of Delhi, etc. We may here remark that even on our pro-

posals the Civil Surgeon would still continue to get a special pay of Rs. 100 for the jail charge, Rs. 100 fees from the Mayo College and Rs. 100 charges recoverable from Tonk State. Opportunities for private practice available in this, the most important city and political centre in Rajputana, should by themselves suffice to attract competent members of the I. M. S. to this post. We therefore urge that the duty allowance (or special pay) of Rs. 250 should be abrogated; saving .03.

Even including the city of Ajmer the district has a small population and if one Civil Surgeon could carry on his duties up to 1925-26 without the assistance of an Additional Civil Surgeon*, the Additional Surgeon should not be needed.

Thus we unconditionally recommend an aggregate reduction of expenditure by .09 lakh. To this may be added .20 lakh which, we assume, is the provision of account of non-recurring grants-in-aid for medical purposes. The total reduction recommended by us thus works out to .29. But if our assumption is not correct, the reduction would be .09 lakh. In our summary of savings we shall assume the former figure.

F. Public Health.—The provision for Public Health is Rs. 4,100, out of which all but Rs. 600 is on account of the pay of a superintendent and vaccinators. We have therefore no recommendation to make.

G. Agriculture.—This sub-head includes the following minor heads:—

- (a) Agriculture.
- (b) Veterinary charges.
- (c) Co-operative credit, and
- (d) Grants-in-aid.

The major portion is on account of the Co-operative movement in charge of an Extra Assistant Commissioner. Although the department has offered a reduction of .04 lakh, we cannot see our way to recommend its acceptance, our reason being that it is a beneficent activity which should not be curtailed.

H. Museum.—A non-gazetted superintendent on Rs. 150—200, a Curator and two servants are maintained in connection with the Museum. The 1931-32 provision also contains a new item, *viz.*, a personal pay of Rs. 50 per mensem to the Curator of the Rajputana Museum. The department has not offered any saving; we cannot suggest any either.

I. Other Miscellaneous departments.—The total provision of .08 is on account of a registration clerk, an allowance to an Electrical Inspector, fees to certifying surgeons and payment to the Punjab Government for the factory inspection staff. The only item where we consider reduction not only feasible but also desirable relates to the provision of Rs. 3,400 for the travelling and other allowances of an Electrical Inspector. We understand that at present the Inspector who is in the service of Jaipur State goes all the way from Jaipur

* In the light of the recent appointment of a Sub-Assistant Surgeon in replacement of an Assistant Surgeon, however, we do not press for the abolition of the Additional Civil Surgeon's post.

to Ajmer and occasionally to Abu and Nasirabad to do his inspections; this arrangement is obviously wasteful. In our opinion it should not be difficult to make arrangements for an officer from the local railway staff to take up this work at considerably less cost, possibly at one-half of it. The provision under this head might therefore be reduced by Rs. 1,700.

J. Famine Relief.—The current provision of 1·31 automatically disappears and, as proposed by the department, this item should be deleted from the 1932-33 budget.

K. Miscellaneous charges.—The provision is Rs. 15,000 contribution to the Ajmer District Board and Rs. 2,600 for various miscellaneous items. The department has offered a reduction of '03 lakh. We recommend acceptance of this offer.

(7) *Summary of savings.*—On our proposals the total saving will be 1·71 lakhs plus an automatic saving of 1·31 provided for famine relief in the 1931-32 estimates, as follows:—

<i>Account I.—</i>							
Land Revenue	..	..	..	..	..	..	·16
Excise	..	..	..	..	..	..	·02
Stamps	..	..	..	..	..	..	<i>Nil.</i>
Forests	..	..	..	..	..	..	·38
Registration	..	..	..	..	..	..	<i>Nil.</i>
<i>Account II.—General Administration</i>							
	..	..	..	..	..	..	·22
<i>Account III.—Police</i>							
	..	..	..	..	..	..	·50
<i>Account IV.—Education</i>							
	..	..	..	..	..	..	<i>Nil.</i>
<i>Account V.—</i>							
Administration of Justice	..	..	..	..	..	..	·04
B.—Jail and C.—Jail Manufacture	..	..	..	..	..	..	·05
D—Ecclesiastical	..	..	..	..	..	..	<i>Nil.</i>
E.—Medical	..	..	..	..	..	..	·29
F.—Public Health	..	..	..	..	..	..	<i>Nil.</i>
G.—Agriculture	..	..	..	..	..	..	<i>Nil.</i>
H.—Museum	..	..	..	..	..	..	<i>Nil.</i>
I.—Other Miscellaneous Departments	..	..	..	..	..	..	·02
J.—Famine Relief	..	..	..	..	..	..	1·31
K.—Miscellaneous charges	..	..	..	..	..	..	·03
						Total	3·02

(8) *Question of amalgamation.*—We have confined ourselves strictly to retrenchment under the present constitution and administrative arrangements. In our questionnaire, however, we had raised the issue whether in the Foreign and Political Department's opinion it was feasible to amalgamate the administration of Ajmer-Merwara with that of either the United Provinces or of any other province. The fact that we ourselves have made no recommendation on this subject should not be interpreted to imply our approval of the present position. We are content to leave a comprehensive review to be undertaken in connection with the place to be assigned to the minor administrations in the new constitution for India.

CHAPTER VI. -

GRANT No. 83.—RAJPUTANA.

(1) *Introductory.*—For the maintenance of political relations with the Rajputana States, the Government of India maintain under their own control an Agent to the Governor-General with headquarters at Mount Abu and Ajmer. The only areas in Rajputana under the direct administration of the Central Government are (i) the British Indian district (called “ province ”) of Ajmer-Merwara, of which the Agent to the Governor-General is the Chief Commissioner, (ii) the leased area on which stands the combined Civil Station and Cantonment of Mount Abu and (iii) railway lands, the policing of which is under the unified control of the Agent to the Governor-General-cum-Chief-Commissioner.

(2) *Historical.*—The Marathas claimed and exercised some degree of political control over the various States in Rajputana from Ajmer, which was the headquarters of the Scindia's representative. In 1817 arrangements were made with various Rajputana States in pursuance of the policy of “ subordinate alliance ”, whereby British protection and territorial integrity were guaranteed to those Indian States which undertook to subject their political and external relations to the control of the British Government. Among the first to accept such an alliance were Udaipur, Jaipur, Kotah, Bundi, Karauli, Banswara, Dungarpur and Kishengarh. The outlying states of Jaisalmer and Bikaner were not brought within the orbit of this system immediately. By the end of 1818, however, they too were included in the system. There are at present 18 States and 2 Chiefships in direct relations with the Government of India through the Agent to the Governor-General, Rajputana, and the Agents and Residents subordinate to him.

(3) *Organisation.*—(i) Prior to 1922-23 there were seven Political Agencies and Residencies with the Agent to the Governor-General, Rajputana, at their head. In the interests of retrenchment one of these agencies had been abolished just before the Inchcape Committee's report issued. At present there are the following subordinate Political Agencies and Residencies :—

Designation.	Headquarters.
Political Agent of Haraoti and Tonk	Deoli.
Resident, Western Rajputana States	Jodhpur.
Resident at Jaipur	Jaipur.
Resident in Mewar and Political Agent, Southern Rajputana States	Udaipur.
Political Agent, Eastern Rajputana States	Bharatpur.

There are also two Assistancies, *viz.*, Kherwara and Kotra.

The Agent to the Governor-General has a Secretary and an Under-Secretary to assist him ; the Under-Secretary is also District Magistrate of Abu. The

following are the more important of the other appointments under the Agent to the Governor-General's control :—

(ii) (A) *Medical*.—The Civil Surgeon of Ajmer is also Chief Medical Officer for Rajputana and gets the following allowances :—

- (a) A special pay of Rs. 250 as Chief Medical Officer, Rajputana.
- (b) A special pay of Rs. 150 as Superintendent of the Jail.
- (c) A special pay of Rs. 100 for the visiting charge of the Jaipur Residency.
- (d) Rs. 100 charges recoverable from the Tonk State.
- (e) Rs. 100 fees from the Mayo College.

It will be seen that the three special pays aggregating Rs. 500 are a charge on central revenues.

An Additional Civil Surgeon of Ajmer, who gets a special pay of Rs. 50 for holding medical charge of the Government College, Ajmer.

A Residency Surgeon for the Mewar Residency at Udaipur, who too gets various special pays and allowances aggregating Rs. 450.

(B) An Inspector-General of Railway Police, Rajputana, who also works as Police Assistant to the Agent to the Governor General and as Director of the Opium Contraband Department, Rajputana and Central India. He gets pay on the usual Deputy Inspector-General's scale.

There are also a Superintendent and Deputy Superintendent of Government Railway Police, the former at Ajmer and the latter at Indore. The former gets a special pay of Rs. 150 and the latter a special pay of Rs. 75.

(C) A Judicial Commissioner for Ajmer-Merwara. The whole of his pay (Rs. 3,000 *plus* Overseas Pay) is, however, debited to the estimates of the Western India States Agency.

(D) A number of miscellaneous appointments.

(4) *Expenditure*.—(i) *Explanation*.—Apart from charges connected with the political relations with the Rajputana States and with the maintenance of the Mina Corps, the more important heads of expenditure included in the budget of this Agency are (i) Irrigation, (ii) Police and (iii) Civil Works. Irrigation and Civil Works provisions are shown under the respective "subject" grants. The expenditure on Irrigation in fact relates to Ajmer-Merwara and consists of charges for the maintenance, repair, etc., of tanks in that district. As regards Civil Works, the Rajputana Circle of the Public Works Department executes works in Ajmer-Merwara as well and the combined expenditure of the two areas is shown under Rajputana. The bulk of the Police expenditure is incurred on account of the Railway Police and the force maintained at Mount Abu.

(ii) *Growth*.—The following table shows how expenditure on the Rajputana Agency has grown :—

	1924- 25.	1925- 26.	1926- 27.	1927- 28.	1928- 29.	1929- 30.	1930- 31.	1931- 32.
Land Revenue ..	·05	·05	·06	·05	·05	·06	·06	·06
Excise ..	·01	·01	·19	·54	·60	·58	·66	·67
Irrigation ..	1·99	1·87	1·91	1·95	1·87	2·09	2·14	2·09
Administration of Justice ..	·24	·20	·18	·21	·19	·21	·20	·21
Police ..	3·70	3·85	3·78	3·73	3·87	4·01	3·94	3·92
Education ..	·83	·83	·82	·85	·88	·97	·95	·97
Medical ..	·04	·07	·05	·18	·07	·08	·05	·08
Public Health ..	..	·10	..	·01	·01	·01	..	·03
Civil Works ..	5·98	4·95	6·38	7·21	8·55	7·92	8·28	6·20
Famine Relief ..	..	..	..	·01	..	..	..	..
Stationery and Printing ..	·01	·01	·01	·01	·01	·01	·01	·01
Miscellaneous Charges	·51	·53	·50	·51	·51	·52	·52	·52
Total "Provincial" Subjects ..	13·36	12·47	13·88	15·26	16·61	16·44	16·81	14·76
Ecclesiastical ..	·03	·03	·03	·02	·02	·02	·02	·02
Political ..	6·58	6·25	6·60	6·86	6·69	6·76	6·65	6·90
Total "Central" Subjects ..	6·61	6·28	6·63	6·88	6·71	6·78	6·67	6·92
GRAND TOTAL ..	19·97	18·75	20·51	22·14	23·32	23·22	23·48	21·68*

* If expenditure on Census (·64) and Refunds (1·13) be added, the total expenditure amounts to 23·46 lakhs. (Difference is due to rounding).

It will be seen that of the total real expenditure of 21·68 lakhs 'Police' accounts for a little under 4 lakhs, 'Political' a little under 7 lakhs and 'Civil Works' and 'Irrigation' between them for 8·29 lakhs.

(5) *Inchcape proposals*.—At the time the Inchcape Committee reported the budget provision for Rajputana was 6·76 lakhs, viz., 2·26 lakhs for the headquarters and 4·50 for the subordinate agencies. Of the seven Residencies and Agencies one had already been abolished (saving ·53) and the Department had proposed further economies aggregating ·38 lakh.

As regards Police expenditure that Committee observed that a saving of ·18 had been effected or proposed by the Department and it made the following recommendations :—

- (i) If the contribution of ·15 by the Durbars concerned towards the cost of investigation carried on by the Rajputana Agency police was, as suggested, to be remitted, the total expenditure too should be reduced and in the alternative the amount of the contribution which had been fixed in 1911 should be raised.

- (ii) The arrangement whereby the Rajputana-Malwa Railway (now the Bombay, Baroda and Central India Railway, Metre Gauge) contributed 1.52 lakhs towards the cost (*viz.*, 2.18 lakhs) of the Rajputana police on account of the "Watch and Ward" duty performed for the Railway by that police should be revised and a proper share of the cost of the service rendered should be recovered.
- (iii) The post of Inspector-General and his separate establishment could be abolished without serious inconvenience, (saving at least .50) and further economies effected in the expenditure on 'Supplies' and 'Contingencies'.

For 1923-24 that Committee recommended a provision of 3 lakhs gross, adding that this was the actual expenditure in 1920-21. If the Railway contribution of 1.52 towards the cost of the police be deducted, the net provision recommended would correspond to a little under 1.50 lakhs for the entire police force under the control of the Agent to the Governor-General including the railway police but excluding the police in the British-Indian district of Ajmer-Merwara.

(6) *Departmental offer.*—The Department informally offered the following reduction of expenditure under the various heads:—

	Budget 1931-32 (in lakhs).	Reduction (in lakhs).
Land Revenue	0.06	..
Excise	0.67	0.47
Justice	0.21	0.03
Police	3.92	0.24
Ecclesiastical	0.02	..
Political	6.91	0.74
Education	0.97	0.08
Medical	0.08	..
Public Health	0.03	..
Miscellaneous Departments .. .. .	..	..
Miscellaneous	0.52	0.01
Details not available .. .. .	..	0.18
Total	13.39	1.75 = a

The proposed reduction when distributed under various heads would work out as follows:—

Pay of officers	0.76
Pay of establishments	0.48
Allowances	0.19
Other charges	0.32
	1.75

(7) *Our proposals.*—We shall make our proposals under the various sub-heads of expenditure.

ACCOUNT I.—POLICE.

(i) The expenditure on this service has grown from 3·70 in 1924-25 to 3·92 in 1931-32. The growth has taken place in spite of the fact that the Rajputana police has, we presume, been relieved of watch and ward duty in respect of the Bombay, Baroda and Central India Railway. So far as we can ascertain, this function is now performed direct by the Railway through a special staff under its own control, and the Railway's contribution of 1·52 has now ceased. We observe that the 1931-32 estimate for receipts under this sub-head is ·58; it is so low that we conclude that it does not include any contribution by the Railway towards the gross cost of the police. Besides, we observe that the strength of the force in 1922-23 was a Superintendent and an Assistant Superintendent (the post was actually held by a Deputy Superintendent) and 550 police ranks; we find that the 1931-32 estimates also provide for the same two officers and for a force of a little over 500. These facts go to show that while the Railway contribution towards the cost of the Railway police, which was well over 50 per cent. of the total cost, has disappeared, *relief in the shape of a reduction of the strength of the force does not exceed 9 per cent.* We are therefore forced to the conclusion that although the Inchcape Committee had made its proposal with a view to relieving the central taxpayer's burden, the burden has actually increased. In essence it means that as against an expenditure of 3·70 minus 1·52 lakhs in 1924-25 and against about 1½ lakhs contemplated by the Inchcape Committee the estimated expenditure in 1931-32 is 3·92 lakhs. On the assumption that the facts stated above are correct we recommend a reduction of ·75 lakh in the police expenditure in addition to the reduction of ·75 lakh on account of the specific proposals made below.

(ii) Like the Inchcape Committee we too hold that for a small area like Rajputana the expensive post of an Inspector-General of Police and his establishment are not necessary. We recommend their immediate abolition. The resultant saving should be about ·64 lakh.

(iii) The Department has offered a saving of ·24 under the head 'Police'. We have not been supplied with details, but we assume that a part of the saving offered was intended to be effected under other Police heads, *e.g.*, the police at Abu, the Criminal Investigation Section, etc. We have already disposed of the two main sub-heads, but we consider that some reduction, say, ·11 at least, should be possible in the remaining sub-heads.

We may add that even after giving effect to our proposals, the 'Police' budget will be reduced to 2·42 lakhs. Even this budget will be 60 per cent. higher than the *net* budget (*i.e.*, *minus* the Railway contribution) recommended by the Inchcape Committee.

ACCOUNT II.—POLITICAL.

The 1931-32 provision is 6·91 lakhs. The Department has offered a reduction of ·74 lakh under this sub-head. We understand that the maintenance of the Mina Corps does not involve any net charge on the central revenues, and we presume that the department's offer does not include any reduction, effected or proposed, of the expenditure on the Mina Corps (*vide* C. page 95). In the absence of details of the departmental offer, we can only

suggest a few broad lines along which, *inter alia*, expenditure under A—Political Agents (5·17 lakhs), B—2—Other charges (·10 lakh) and C—Entertainment charges (Rs. 100) could and should be reduced by at least one lakh. Our specific suggestions will yield about 1·20 on the first two items as follows :—

(A) *Headquarters of the Agency.*—(i) The Agent to the Governor-General has a Secretary, an Under-Secretary and a Personal Assistant. We consider that a Secretary and an Under Secretary should be sufficient. It should not be difficult for the Agent to the Governor-General to get a competent clerk or stenographer from his regular office establishment to work as a part-time Personal Assistant.

(ii) The 1931-32 budget estimates contain a provision of ·08 for a Financial Assistant (pay Rs. 300—800). We observe that in the somewhat analogous cases of the Central India Agency and the Western India States Agency there is no such post in existence even now. The total “ area ” budget of this Agency is only 13·39 lakhs ; the budget is not big enough to justify an expensive post of Financial Assistant. We recommend that this appointment should be abolished.

(iii) The special pay of Rs. 250 to the Civil Surgeon for his duty as Chief Medical Officer should, for reasons which we have explained in the case of Delhi, North-West Frontier Province, Central India and the Western India States Agency, be abolished.

(iv) We observe that an allowance of Rs. 100 *per mensem* is paid to an officer of the Royal Army Medical Corps for civil medical duty. Considering that Ajmer-Merwara has two Civil Surgeons (one of these posts being a recent creation) and that Mount Abu is a sanitorium, we see no adequate justification for this allowance. The provision should be deleted in the future budgets.

(v) Even so late as 1930-31 there were in all 60 ministerial and inferior establishment posts ; there are 64 now. We cannot satisfy ourselves why establishment should have been allowed to grow in this manner. We presume, however, that the department has taken this factor into consideration in arriving at the savings offered and we therefore refrain from making a specific recommendation in this respect.

(vi) There are numerous other minor heads of expenditure where we think reduction of expenditure is feasible. In their case also we refrain from making specific recommendations and prefer to include the possible savings in the block out of one lakh proposed by us.

(vii) Finally, we should like to observe that before the Inchcape Committee reported, the cost of the headquarters portion of the Rajputana Agency was 2·26 lakhs ; it has now gone up to 2·49 lakhs. Apart from the additional expenditure necessitated by the accrual of annual increments, we can see little reason for the growth of expenditure in an agency where, so far as we can see, work has not increased appreciably in volume or complexity. Unlike some other agencies, *e.g.*, the Western India States Agency, political conditions in Rajputana appear to be, broadly speaking, the same as they were a decade ago. The specific proposals made by us above will enable it to be reduced by approximately ·14. If reduction of expenditure under Establishment charges and

other minor heads be also taken into consideration, we think it will be possible to work to the figure recommended or accepted by the Inchcape Committee.

(B) *Subordinate Political Agencies.*—Our specific proposals under this head are :—

(i) Although there are only five Political Agencies now as against six in existence at the time of the Inchcape Committee's report, we consider the number excessive especially when the State of Bikaner is, we understand, now in direct relations with the Agent to the Governor-General. We may institute a comparison with the Western India States Agency. That Agency deals with a very large number of States and Estates. Owing to the peculiar political conditions prevailing at the time of Colonel Walker's settlement with the Kathiawar States, the Western India States Agency has certain special functions to perform of which there is no counter-part in the Rajputana Agency. The exercise of "residuary jurisdiction" is an important illustration of such special functions. Again, owing to the greater progress of the States under the political control of the Western India States Agency, various problems, political and other, arising in that Agency are much more complex than those which arise in the case of the Rajputana States. Thus, questions connected with the Railway system of Kathiawar and problems arising out of treaties and engagements relating to Customs and Salt revenues are almost unknown in Rajputana. Nevertheless the Western India States Agency has only three subordinate political agencies (prior to 1924 there were as many as six) and none of the 17 "salute" states comprised in that Agency deals with the Political Agents as intermediate links. We note that the Rajputana States are "salute" states, and on the analogy of Western India should be in a position to deal direct with the Agent to the Governor General. Hence, apart from the fact that communications in Rajputana are less developed than in Kathiawar, there is, *prima facie*, little reason why Rajputana should have more than three subordinate political agencies. Owing to the rapid development of communications, particularly motor transport, and the recent trend of political developments, we consider that there is no longer the same necessity as there was a decade ago for the maintenance of a large number of subordinate political agencies. Further, we think that Assistancies can, if necessary, be created to take the place of the present full-fledged political agencies. On these grounds we recommend that the feasibility of reducing the number to three should be considered.

We have not got the necessary information to enable us to evolve a cut and dried scheme. But tentatively we may suggest that the Eastern Rajputana States Agency might be absorbed in the Jaipur Residency and the Haraoti and Tonk Agency might be absorbed in or attached to the Udaipur Residency as an Assistancy of the "residential" type. Some redistribution of jurisdictions would perhaps be necessary.

(ii) We observe that the Mewar Residency is unique in having a Residency Surgeon attached to it. In our opinion this arrangement is an anachronism. This post should therefore be abolished, saving 13. In fact, we believe that his question is already under the department's consideration.

(iii) We observe that there are provisions of Rs. 100 per mensem each for allowances for medical visiting or inspecting charge in the budgets of the Jaipur Residency, Jodhpur Residency and the Eastern Rajputana States Agency. Except in so far as the services of officers not serving under the Central Government are utilised, we consider that such visiting or inspecting duty should be regarded as part of the regular duties of the officers concerned and we recommend that these allowances should be abolished.

(iv) As regards savings likely to result from our recommendations or suggestions, we presume that the abolition of one Political Agency will result in a reduction of expenditure by .50 (the 1931-32 provision for the Agency whose abolition we have tentatively suggested is Rs. 54,000) and that the conversion of another Agency into an Assistancy will yield an additional .25 (approximately). To these may be added .13 on the abolition of the post of Residency Surgeon, Mewar. Thus we assume that there would be a saving of approximately .88 from our proposals relating to the subordinate political agencies.

(C) *Mina Corps*.—A question was raised whether the Mina Corps still continues to serve the purpose for which it was originally raised and whether any change of policy in this respect is needed. Some of us are sceptical as to the utility of this Corps in the conditions obtaining to-day, and we may draw attention to what we have stated in Chapter XXII, especially in regard to the Mewar Bhil Corps. We have, however, been given to understand that the maintenance of this Corps does not in any way affect central revenues. On this presumption we refrain from making any recommendation with a view to effecting economy in its maintenance.

ACCOUNT III.—OTHER EXPENDITURE.

(i) The following provisions are small and we do not consider it necessary to examine them in detail for ourselves :—

A.—Land Revenue	..	..	..	..	..	..	..	06
F.—Medical	..	..	..	..	..	..	..	08
G.—Public Health	..	..	..	..	..	..	..	03
H.—Miscellaneous Departments	..	..	..	..	..	..	Rs.	400

(ii) The bulk of the expenditure under I.—Miscellaneous (.52) represents compensations to Kishengarh and Sirohi States; here also we refrain from detailed examination. We shall therefore confine our scrutiny to 'Excise', 'Administration of Justice' and 'Education'.

(iii) *Excise*.—As regards 'Excise' the department has offered .34 out of a total provision of .665. We consider the offer adequate and recommend its acceptance. We presume that the department's idea is to curtail the activities of the Excise Bureau.

(iv) *Administration of Justice*.—As regards 'Administration of Justice', the provision is .21 and the department has offered a saving of .03. Considering that the provision is for a Railway Magistrate (Rs. 300—800) and three servants attached to the Railway Magistrate and for an establishment of four (*viz.*, a Judicial Moharir and three process servers) attached to the court of the District Magistrate of Abu and for certain other incidental charges, we hold the departmental offer adequate and recommend its acceptance.

(v) *Ecclesiastical*.—This has already been dealt with by us in Part II of our Report.

(vi) *Education*.—The total provision for 'Education' is Rs. 97,200, the two biggest items being Rs. 53,400 for grants to non-Government arts colleges (including presumably the large grants to Mayo College) and Rs. 40,400 for grants-in-aid to non-Government secondary and primary schools.

The department has offered a saving of .08. As we are averse to recommending reduction of any grant for educational purposes we will be prepared to accept the proposal of the department only to the extent to which it covers the grant to the Mayo College which in our opinion should be maintained by the Chiefs for whom it is almost exclusively intended. In this connection we invite attention to our remarks* regarding the grant-in-aid to the Daly College at Indore.

We assume that the provision in the central estimates for the post of "Indian Leave Reserve Master" will no longer be needed owing to the re-organisation of the Mayo College. The Government of India are not now concerned with the pay, leave and pension contributions or with the retention or otherwise of the post. The provision for this item is Rs. 2,200.

We assume that the total saving from our proposals will be about .55.

(8) *Summary of savings*.—On our proposals we expect a total saving of 3.42 lakhs as below :—

Account I.—Police	..	..	..	..	..	..	..	1.50
Account II.—Political	..	..	..	..	..	..	..	1.00
Account III.—Other Expenditure heads.—								
Excise	..	..	..	..	..	..	..	.34
Administration of Justice	..	..	..	..	..	..	..	.03
Education	..	..	..	..	..	..	..	.55
								<hr/>
								.92
								<hr/>
							Total ..	3.42

* Chapter VII, paragraph XXI, page 114.

CHAPTER VII.

GRANT NO. 84—CENTRAL INDIA.

(1) *Introductory.*—The agency through which political relations are maintained with the Indian States in the territories known as Bundelkhand, Baghelkhand and Malwa is the Central India Agency with Indore as headquarters. The Agent to the Governor General is one of the nine first class Residents. Until recently he had four subordinate political agencies under his control, viz., (i) Bundelkhand, (ii) Baghelkhand, (iii) Bhopal and (iv) Southern States of Central India and in Malwa. Recently as a measure of retrenchment one agency has been brought under reduction. Of the 28 “salute” and 68 “non-salute” Indian States in political relations with the Government of India through this agency the most important are Indore and Bhopal. Some of the States are mere estates or jagirs. The Agents have to exercise “residuary jurisdiction” on behalf of certain small States; in this respect the position is analogous to that in Kathiawar, Orissa, the Central Provinces, etc.

The area and population of each of the four Agencies are as follows :—

	Area in square miles (round figures).	Population (1931 Census).
(a) Bundelkhand	10,100	1,289,015
(b) Baghelkhand	14,700	1,839,256
(c) Bhopal	9,100	1,051,976
(d) Southern States and Malwa	8,200	1,116,636
Total	42,100	5,296,883

Central India is also one of the minor administrations and comprises a number of “administered areas” of the usual type, i.e., civil stations, cantonments and railway lands. Besides, it comprises two British-Indian enclaves, Panth Piploda and the Pargana of Manpur; the latter comprises 30 villages and has an area of 49 square miles. Its population is 6,852 and revenue is Rs. 38,700. We may also add that the cantonment of Sehore was returned to Bhopal State a few years ago and the Residency bazaars at Indore were reconditioned to Indore State on 1st August 1931.

(2) *Organisation.*—The 1931-32 estimates contain provisions for the following staff :—

A.—Headquarters.

An Agent to the Governor General, a Personal Assistant (on a pay of Rs. 150), a Secretary, an Under Secretary, a Treasury Officer on Rs. 450—750 (who was also the *de facto* financial adviser to the Agent to the Governor General), an Attaché on Rs. 300—450, a Surgeon (who also holds visiting charge of the Southern States Agency and medical charge of the Malwa Agency) and an Assistant Surgeon. There is also a provision of Rs. 4,200 for the part-time services of a District and Sessions Judge from one of the districts of the Central Provinces.

The following special pays and allowances are drawn by some of the above-mentioned officers :—

- (i) The Agent to the Governor General gets a sumptuary allowance of Rs. 250 per mensem.

- (ii) His Secretary used to get a charge allowance of Rs. 200, but this allowance appears to have been abolished recently.
- (iii) The allowances payable to the Chief Medical Officer (Residency Surgeon) are :—
- (a) Rs. 250 special pay as Chief Medical Officer.
 - (b) Rs. 100 special pay for visiting medical charge of the Southern States Agency.
 - (c) Rs. 50 special pay for the supervision of the medical and sanitary arrangements of the Malwa Bhil Corps.
 - (d) Rs. 100 allowance from the Southern States Dispensary Fund.
 - (e) Rs. 250 as Superintendent, King Edward Hospital, Indore.
 - (f) Rs. 150 as Superintendent, King Edward Hospital Medical School, Indore.
 - (g) Rs. 100 supervision of the medical and sanitary arrangements of the Daly College.
 - (h) Rs. 100 supervision of the Dhar State Medical Department.
 - (i) Rs. 25 supervision of Rutlam State Dispensary.
 - (j) Rs. 16-10-8 supervision of Jaora State Dispensary.
- Total Rs. 1,141-10-8. His substantive pay is Rs. 1,500 p.m. *plus* overseas pay £ 30 p.m.

The Assistant Surgeon is incharge of the Central India Agency jail and his special pays and allowances aggregating Rs. 175 per mensem consist of the following items :—

- Rs. 50 for his work as Assistant Residency Surgeon.
- Rs. 50 for work as Personal Assistant to the Chief Medical Officer.
- Rs. 75 for holding charge of the Jail.

The headquarters establishments for which provision exists in the 1931-32 estimates consist of 34 ministerial (of which 13 are for treasury work and 21 for work in the Agency office) and 29 inferior appointments, in addition to a jail establishment of 35 costing in all 16 lakhs.

B.—Political Agencies.

(i) Southern States Agency (headquarters Manpur) is incharge of certain Central Indian and also of the Malwa States for which there was a separate Agency till 1925. The temporary post of an Assistant Political Agent which was in existence since March 1929 has recently been abolished and replaced by that of an officer on special duty in Central India. The Residency Surgeon, Indore, holds "visiting" charge of the "Southern States" portion, and "medical" charge of the Malwa portion, of the Agency. The establishments consist of 14 clerks, 8 servants, 2 jail and 2 police.

(ii) Bundelkhand (headquarters Nowgong) and Baghelkhand (headquarters Sutna) Agencies used to have separate political agents. But they have recently been amalgamated into one agency. The budget for the Bundelkhand Agency also contains a provision for a combined Treasury and Judicial Officer on Rs. 450—600 and a Surgeon on the usual scale of pay. The Political Agent, Bundelkhand, used to get a charge allowance of Rs. 300 per mensem, but this appears to have been abolished recently. The Surgeon attached

to this Agency gets the following special pays and allowances :—

- (a) Special pay of Rs. 100 for additional duties caused by the abolition of the appointment of Agency Surgeon, Baghelkhand.
- (b) Rs. 25 special pay. (The amount used to be Rs. 50 p.m.)
- (c) Rs. 300 compensatory allowance recoverable from Indian States.
- (d) Rs. 100 allowance for supervision of the Orchha State Medical Department.

Total Rs. 525.

Establishments consist of 15 ministerial and 14 inferior for Bundelkhand and 10 ministerial and 8 inferior for Baghelkhand, *i.e.*, 25 ministerial and 22 inferior for the two. We do not know the strengths under the amalgamation scheme recently introduced. But, we understand that the agency office at Sutna has been maintained more or less intact.

(iii) Bhopal Agency is in charge of a Political Agent and has a Surgeon (on Rs. 950—1,250) attached to it. The Political Agent gets a sumptuary allowance of Rs. 100 per mensem. The Surgeon's special pays and allowances are as below :—

- (a) Rs. 400 for supervision of sanitation and medical work in Bhopal State.
- (b) Rs. 60 for holding charge of eight dispensaries paid for by certain States in the Bhopal Agency.

There are 11 ministerial and 11 inferior appointments for this Agency.

C.—Other Staff at Headquarters or in the Agencies.

In addition to the staff mentioned above the following officers are also maintained in connection with the Central India Agency :—

- (i) *Police*.—A Superintendent and two Deputy Superintendents of Police (one of whom gets a compensatory allowance of Rs. 100). The Superintendent also works as Assistant to the Agent to the Governor General in the Criminal Branch and gets a compensatory allowance of Rs. 100.
- (ii) *Judicial*.—One Judicial Officer at Mhow, one at Neemuch, one at Sutna and one at Nowgong. The Judicial Officers at Sutna and Nowgong also work as Indian Assistants to the "Political Agent in Bundelkhand and Baghelkhand" at Sutna and Nowgong respectively.
- (iii) *Miscellaneous*.—(a) An Excise and Opium Commissioner in Central India who also works as Adviser on Excise and Opium in Rajputana. He gets pay on the superior time-scale for the Indian Civil Service *plus* a special pay of Rs. 300. The post dates from 1907 and has always been, as it still is, maintained on a temporary basis.
- (b) Allowances are paid to the Executive Officers of Mhow, Nowgong and Neemuch cantonments for the performance of excise duties in their respective cantonments (the amounts being Rs. 60, 40 and 30 per mensem respectively).
- (c) Registrar, Central India Agency, and Treasury Officer, Indore,

The holder of this post is at present on leave and the Under-Secretary to the Agent to the Governor General is carrying on the duties of the Treasury Officer in addition to his own duties.

- (s) Census Superintendent for India who gets a special pay of Rs. 200. This post is, of course, temporary.

D.—Manpur Pargana.

A subordinate executive establishment of 40 (including 28 village headmen called patels) and an inferior establishment of 19 (including 13 village police—chowkidars) are maintained for this pargana of 30 villages.

(3) *Expenditure and Revenue and their growth.*—Table (A) shows the progress of expenditure and has been prepared on the lines of Mr. Juke's Review. Table (B) shows Receipts. In view of the importance of Political expenditure its progress has been set forth in a special Table (C). A table showing the growth of the numbers of officers, clerks and inferior servants maintained from the Political grant is given in paragraph (6) (xiii).

TABLE A.

	1913-1914.	1922-1923.	1924-1925.	1925-1926.	1926-1927.	1927-1928.	1928-1929.	1929-1930.	1930-1931.	1931-1932.
Land Revenue	·52	·27	·28	·28	·28	·28	·28	·28
Excise	·57	1·10	1·05	1·01	·86	·97	·94	·98	·85
Stamps	·01	·01	·01	·02	·02	·02	·02	·02	·02
Forest	·11	·12	·12	·11	·10	·11	·12	·13
Registration	·02	·01	·02	·01	·02	·02	·01	·01
General Administration	·04	·10	·10	·12	·09	·10	·11	·13	·13
Administration of Justice	·09	·42	·51	·56	·54	·56	·56	·56
Jails	·04	·04	0·3	0·2	·02	·03	·02	·02
Police	1·55	2·82	2·39	2·31	2·27	2·20	2·28	2·20	2·11
Education	·68	1·07	1·02	1·01	1·01	1·70	1·24	1·28	1·21
Medical	1·32	·54	·61	·53	·56	·86	·62	·59	·51
Public Health	·01	..	·01	..	..	·37
Agriculture	·01	..	..	..	..	·06
Miscellaneous Departments	·01	·01	..	·01	..	..	·01	·01
Civil Works	6·46	*	5·51	5·82	5·82	6·29	6·24	6·36	6·84
Pensions	·40	·83	·93	1·42	1·37	1·30	1·15	1·14	1·20
Stationery and Printing	·06	·09	·02	·02	·02	·02	·02	·02	·02
Miscellaneous	·59	·52	·49	·61	·49	·48	·47	·26	·26
Total "Provincial" Subjects.	†	7·87	13·00	13·84	13·49	14·92	14·09	13·97	14·45	14·33
Opium	·08	·11	·08	·05	·05	..	..	..	..
Ecclesiastical	·30	·38	·28	·32	·31	·31	·27	·26
Political	3·63	5·81	5·77	5·27	5·07	5·31	5·24	5·75	6·19
Currency	·01	·04	·09	·05	·06	·06	·06	·05	·06
Territorial and Political Pensions	·37	·51	·33	·36	·32	·31	·44	·29	·30
Total "Central" Subjects	..	6·77	6·65	6·01	5·82	5·99	6·05	6·36	6·81	6·75
Grand total for the "area"	†	14·64	19·65	19·85	19·31	20·91	20·14	20·33	21·26	21·08

*Figures not available.

†Real totals cannot be given.

TABLE B.—RECEIPTS.

	1922- 1923.	1924- 1925.	1925- 1926.	1926- 1927.	1927- 1928.	1928- 1929.	1929- 1930.	1930- 1931.	1931- 1932.
Land Revenue .. ..	.18	.19	.17	.17	.17	.18	.17	.18	.18
Excise	4.62	4.40	3.98	3.69	3.49	3.59	3.40	3.18	3.16
Stamps .. ..	.49	.64	.66	.70	.69	.72	.65	.67	.67
Forests .. ..	.26	.30	.31	.27	.23	.28	.31	.26	.26
Registration .. ..	.03	.03	.03	.03	.03	.02	.03	.02	.02
Administration of Justice .. ..	.01	.05	.05	.05	.13	.09	.06	.07	.08
Jails and Convict Settlements .. ..	.03	.10	.10	.09	.06	.06	.09	.33	.26
Police .. ..	.04	.01	.03	.10	.18	.02	.14	.01	.01
Education .. ..	..	..	.01	..	..	..	..	..	..
Miscellaneous Departments .. ..	..	..	..	..	..	..	..	.13	.12
Civil Works	*	.63	.60	.73	.69	1.18	.75	.67	.75
Superannuation Allowances and Pensions .. ..	.28	.39	.38	.44	.37	.36	.30	.15	.19
Stationery and Printing .. ..	.03	.02	.01	.01	.01	.01	.01	.01	.01
Miscellaneous Charges .. ..	.04	.03	.14	.09	.12	.15	.36	.16	.14
Total 'Provincial' Subjects	6.01	6.79	6.47	6.37	6.17	6.66	6.27	5.84	5.85
Taxes on Income .. ..	.74	.54	.45	.39	.44	.52	.49	.49	.50
Currency .. ..	.01	.01	.02	.01	.01	.01	..	..	..
Tributes	5.14	4.07	5.80	4.74	4.78	4.54	4.33	5.68	4.80
Total 'Central' Subjects	5.89	4.62	6.27	5.14	5.23	5.07	4.82	6.17	5.30
Grand Total	11.90	11.41	12.74	11.51	11.40	11.73	11.09	12.01	11.15

TABLE C.—POLITICAL.

	1913- 1914.	1922- 1923.	1924- 1925.	1925- 1926.	1926- 1927.	1927- 1928.	1928- 1929.	1929- 1930.	1930- 1931.	1931- 1932.
<i>A.—Political Agents—</i>										
Pay of officers .. ..	..	3.23	..	..	2.50	2.63	2.47	2.55	2.66	2.82
Pay of establishment .. ..	..	1.32	..	..	1.35	1.37	1.42	1.46	1.53	1.64
Allowances, etc. .. ..	..	.58	..	..	.47	.46	.57	.61	.43	.47
Supplies and Services .. ..	..	.09	..	..	.09	.17	.12	.13	.38	.07
Contingencies .. ..	..	.71	5.77	5.27	.69	.71	.62	.71	.88	.79
Grants-in-aid .. ..	..	.01	..	..	.01	.01	.03	.04	.06	.06
<i>B.—Miscellaneous—</i>										
Deduct—Recoveries .. ..	..	—13	..	..	—04	—04	..	..	..	..
Entertainments charges .. ..	..	..	..	..	..	..	.01	.24	.24	.24
Total	3.63	5.81	5.77	5.27	5.07	5.31	5.24	5.74	6.18	6.10

Analysis.—We may now explain some of the important reasons for the growth of expenditure and the variations of receipts.

(i) *Excise.*—Part of the fall in the expenditure was a true saving due to a revised agreement under which the compensation payable to Indore Durbar was reduced by nearly .10.

*Figures not available.

(ii) *General Administration*.—Increased expenditure was caused by the appointment of a Tahsildar in place of a Head Qanungo.

(iii) *Administration of Justice*.—Increase was due to the appointment of special judicial officers to take over work from Cantonment Magistrates. The transfer took place in 1924-25, but its full financial effect was not felt until the following year.

(iv) *Education*.—Increase due to the five-year programme.

(v) *Miscellaneous*.—The apparent decline is only nominal and is due to the transfer to "Political" of the payment made to Indore State on account of the Partabgarh tribute.

(vi) *Political*.—Compared with 1925-26, expenditure has grown by .83. To a certain extent it is obscured by accounting changes, e.g., transfer to the head "Political" from the head "Miscellaneous". Passage and other concessions, accrual of annual increments and creation of certain new posts account for the increase. The appointment of a part-time District and Sessions Judge contributed to the growth of over .04 in the expenditure in 1931-32.

As regards *revenue* we need only state that Excise revenue has gone down considerably, partly because of the rendition of Sehore and recently of the Indore Residency Bazaars.

(4) *Inchcape Proposals*.—The Inchcape Committee ascertained that Expenditure and Receipts had grown as shown by the following two tables. The savings proposed by it have also been shown in the first table.

Expenditure with Head of Account.	1913-14.	1921-22.	1922-23.	Savings proposed.
	Ra.	Revised Budget. Ra.	Ra.	
Excise .. .. .	.55	1.06	1.31	..
Police	1.46	2.22	1.56*	.44*
Political	3.63	5.98	5.88	.21
Medical	1.32	.57	.61	..
Education .. .. .	.68	.85	.83	..
Civil Works	6.46	8.91	9.00	..
Other heads	1.79	2.95	2.83	.09
Total	15.89	22.54	22.02	.74

*The estimated expenditure on Police for 1922-23 took into account a deduction of .39 to meet the cut made by the Assembly. The actual expenditure was, however, estimated at 2.44 and the Inchcape Committee proposed to reduce this figure in 1923-24 to 2.00. Thus the total savings proposed by the Committee amounted to .74.

Receipts	7.28	11.86	11.75	..
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It observed that as a result of action taken by the Department itself the budget estimate for 1922-23 was .53 less than the revised estimate for 1921-22. All the same it recommended reductions amounting to .30 and in fact, as explained above, .74, and added that a further local enquiry into the expenditure including Civil Works was very desirable. One of its concrete proposals was that the question whether it was necessary to maintain the then existing number of agencies should be examined. As a result the Malwa Agency was absorbed into the Southern States Agency. Of its other proposals we shall take note while formulating our own.

(5) *Departmental proposals.*—The department informally intimated to us that it was prepared to agree provisionally to a total reduction of 3·23 lakhs as suggested by the local administration. It also undertook to supply, at a later date, details showing the more important items of the proposed retrenchment and allocation of the savings under different major heads and units. The detailed scheme reproduced below represents retrenchments actually carried out in the budget estimates for 1932-33.

		In lakhs.		
<i>Under Account I—</i>				
Land Revenue	.. .. .	..	·002
<i>Excise—</i>				
Reduction due to the rendition of the Indore Residency Bazaars and less compensation payable to the Indore Durbar	.. .. .	·046	} ·068
Reduction in ministerial charges	.. .. .	·012	
Reduction in allowances, etc.	.. .. .	·010	
<i>Stamps</i>				
Reduction on allowances, etc.	.. .. .	..	·004
<i>Forest—</i>				
Reduction on allowances, etc.	.. .. .	..	·013
Registration	.. .. .	..	·005
<i>Under Account II—</i>				
<i>Police—</i>				
Reduction in Police Forces	.. .. .	·201	} ·321
Reduction in ministerial charges	.. .. .	·016	
Reduction in allowances, etc.	.. .. .	·104	
<i>Under Account III—</i>				
<i>Political—</i>				
Amalgamation of the Bundelkhand and Baghelkhand Agencies	.. .. .	..	·368
Reduction due to the abolition of three posts of Assistant Political Agent, Manpur, Attaché and Registrar, Indore	.. .. .	..	} 1·137
Residency		·186
Reduction in ministerial charges		·068
Reduction in allowances, etc.		·075
Lump out on account of retrenchment under consideration		·440
<i>Under Account VI—</i>				
General Administration	.. .. .	..	·003
<i>Justice—</i>				
Reduction due to the rendition of the Residency Bazaars	.. .. .	..	·089
Reduction in ministerial charges	.. .. .	..	·013
Reduction in allowances, etc.	.. .. .	..	·012
Jails	.. .. .	..	·004
Ecclesiastical	.. .. .	..	·005
<i>Education—</i>				
Reduction due to the rendition of the Residency Bazaars	.. .. .	..	·039
Reduction in the Daly College grant	.. .. .	..	·030
Abolition of the post of Inspector of Primary Schools	.. .. .	..	·020
<i>Medical—</i>				
Reduction in contingencies, etc.	.. .. .	..	·015
<i>Public Health—</i>				
Reduction due to the rendition of the Residency Bazaars	.. .. .	..	·370
Reduction under contingencies	.. .. .	..	·002
<i>Agriculture—</i>				
Abandonment of agricultural development of Manpur Pargana	.. .. .	..	·057
<i>Miscellaneous—</i>				
Reduction due to the rendition of the Residency Bazaars	.. .. .	..	·194
Other reductions	.. .. .	..	·003

2·406
lakhs.

Actual reduction effected is thus nearly .65 lakh short of the provisional offer. Presumably further retrenchment is still under consideration.

(6) *Our proposals.*—As usual we shall deal with each Account separately.

Account I.—Direct Demands on the Revenues.

(i) *Land Revenue.*—The provision of Rs. 27,800 is for the payment of compensations. The department has effected a reduction of Rs. 200. We can suggest no more.

(ii) *Excise.*—Excise expenditure aggregates Rs. 84,800 including Rs. 22,200 for the payment of compensations and Rs. 10,000 for the purchase of opium. The district executive appointments include the post of Excise Commissioner who gets pay on the superior I. C. S. time-scale *plus* a special pay of Rs. 300 per mensem. Allowances to executive officers aggregate Rs. 1,600. Including a provision of Rs 6,600 for temporary establishment the total provision on account of the pay of establishments proper is Rs. 21,500.

The department has offered to reduce the expenditure by Rs. 6,800. We note that a good deal of this is automatic saving consequent upon the rendition of the Indore Residency Bazaars. We consider the offer inadequate and proceed to make our own proposals.

In the light of the progressive decline of the importance of opium revenue since the adoption of the policy* of bringing the exports of "provision opium" to an end by 1935, we are doubtful if it is necessary to retain the post of a special "Excise and Opium Commissioner for Central India and Adviser on Opium and Excise Affairs in Rajputana". The rendition of Sehore and of the Indore Residency Bazaars must have reduced his direct administrative work. Further, we observe that no other Agency has such an expensive post even though somewhat complex excise problems have to be faced in, *e.g.*, the Western India States Agency. So far as we can judge, his duties mainly relate to opium questions in Malwa, Rajputana and Central India and his work as Excise Commissioner is not appreciably heavier than that of the chief excise officer in other corresponding agencies. Though the post dates from 1907, it has always been, and still purports to be, temporary. We suggest that the entire position should be reviewed in the light of the altered circumstances. For the present we are inclined to hold that one of the headquarters staff should now be able to look after such work as still remains, enabling this post to be abolished. Saving will be .21 on pay and special pay and also about .05 on overseas pay.

Even if the post is retained, we must urge that a suitable share, not less than one-half, of the cost of this officer and his office should be charged to the grant relating to "opium". Opium accounts are now maintained on commercial lines and for the sake of a true picture of the real aggregate expenditure on Opium, we consider that it is necessary to charge Opium with a due share of expenditure incurred in the interests of the Government of India's opium revenue and policy. We may here refer to the fact that the Opium grant is being† charged with half the cost of the Income-tax, Commissioner,

**vide* Part II of our Report [Chapter IV, paragraph (2), page 45].

†A full-time Opium Agent is however in contemplation in connection with the 1931-32 retrenchment campaign.

U. P. *cum* Opium Agent. Holding as we do that this office is maintained principally to look after opium questions, we see no reason why the whole expenditure should be charged to "Central India".

In any case we think the justification for a special pay at Rs. 300 is no longer what it used to be even seven years ago. We propose its abolition.

The Executive Officers of the Mhow, Nowgong and Neemuch cantonments are paid Rs. 60, Rs. 40 and Rs. 30 p.m. respectively for performance of the duties of local excise authorities in their respective cantonments. We presume that Cantonment Magistrates used to be in charge of excise work. Whether this be so or not, this allowance should be abolished. We cannot see why excise work should now be regarded as onerous or extraneous to the duties of the Executive Officers of the Cantonments, who also are maintained from central revenues. If Army Department demand a *quid pro quo* for their part-time services in connection with excise work, the question should be considered on its own merits. But we hold that there is no justification for the payment of these allowances to the individual officers.

On our proposals there will be a reduction of expenditure of 36 lakh as below :—

Rs.	
22,400	on the pay and allowances of officers.
7,500	(approximately) on the pay of establishments which, we presume, can and will be reduced by about one-third, partly because of the rendition of the Indore Residency Bazaars and partly owing to the abolition of a special officer.
2,000	Reduction in the provision for travelling allowance.
1,000	Reduction in the provision for Contingencies.
1,000	Contribution (this saving is automatic).
2,200	(approximately) on account of the reduced compensation payable to Indore Durbar.
<hr/>	
36,100	

If, however, our proposal to abolish the Excise Commissioner's post is rejected, the excise expenditure can and should be reduced by at least 10.

(iii) *Stamps*.—The provision is only Rs. 1,800 and is for the payment of charges for the sale of judicial and non-judicial stamps. We recommend acceptance of the departmental offer of Rs. 400.

(iv) *Forest*.—The total provision is Rs. 12,000 out of which Rs. 4,900 is for conservancy, maintenance and regeneration and Rs. 5,000 is for the pay of a staff of fifteen. By way of reduction in allowances, etc., the department has offered to reduce the expenditure by Rs. 1,300. We agree that there is not much further room for reduction. But we think the programme of "conservancy, maintenance and regeneration" should be slowed down a little and a total reduction of Rs. 2,000 effected.

(v) *Registration*.—The 1931-32 provision is only Rs. 1,300, mostly for house-rent and other allowances and the department has offered a reduction of Rs. 500. The offer may be accepted.

(vi) On our proposals the total reduction of expenditure under Account I will be .39 lakh.

Account II—Police.

(vii) The expenditure on Police has varied as shown below :—

1913-14.	1922-23.	1924-25.	1929-30.	1930-31.	1931-32.
1.46	2.89	2.36	2.20	2.10	2.12

But the rendition of the cantonment of Sehore and the recent retrocession of the Indore Residency Bazaars vitiate a real comparison, unless the figures are adjusted.

The administered areas where the agency police is stationed and their populations are as below :—

(1) Indore Residency	15,148
(2) Mhow Cantonment	31,097
(3) Neemuch	9,541
(4) Nowgong Cantonment and Civil Lines	6,455
(5) Sutna Agency Headquarters	210
(6) Bhopal	118
(7) Manpur Pargana	6,852

The Inchcape Committee had recommended that for 1923-24 the police budget should be limited to two lakhs. In view of the subsequent rendition of Sehore and the Indore Residency Bazaars we think the expenditure should be very substantially reduced. The department has proposed to effect a reduction of .32, the important items of retrenchment being (a) reduction of the force from 447 to 408, partly due to the rendition of the Indore Residency Bazaars, and (b) abolition of one post of Deputy Superintendent and four posts of Sub-Inspectors. We hold that there is no justification for an expenditure materially in excess of 1.60 lakhs, as we proceed to show below. In addition to the savings offered by the Department we recommend the following :—

(a) A small police force of 408 men cannot need so many as three gazetted officers; the department proposes to reduce the number to two. The Mahi Kantha Agency Police force (359 ranks) has only a Deputy Superintendent in charge, and one Inspector. Other instances can be quoted from the provinces where a single gazetted officer of the rank of a District Superintendent is expected to look after a police force of about this size over a much larger area. The population served by this police force is now only a little over half a lakh. Further, we observe that compared with the police force in Rajputana or Hyderabad or Western India States Agency the police force in Central India has up till now been rather over-staffed. We hold that it should not be at all difficult to abolish the two extra posts of Assistant and Deputy Superintendents. (In fact we observe that both the present officers are Deputy Superintendents.) If necessary, an

additional post of Inspector may be created to assist the Superintendent ; the contention that Mhow Cantonment should have a special British gazetted Police Officer fails to convince us. In view of the reduced responsibilities of the Superintendent the reason for a special pay of Rs. 100 to him is no longer what it must have been when Sehore and the Indore Residency Bazaars had to be policed by men under his control. This special pay should therefore be abolished. If, however, in the absence of a special pay it is found difficult to attract a regular officer of the Indian Police Service to this post, the post might, as in the case of the Hyderabad Amalgamated Police, be placed on a special scale of pay not exceeding the pay admissible to an I. P. S. Officer, and any suitable officer not necessarily drawn from the I. P. S. might be appointed to it. Our proposal will yield a saving of ·10.

- (b) We observe that the present strength of the police force is materially below what it was in 1926-27. The reduction was, however, an inevitable result of the important changes that have taken place since 1924-25. As a consequence of the rendition of the Indore Residency Bazaars the Foreign and Political Department has offered to reduce ·20 in the provision for the police force. We assume that the proposed reduction of the police force will affect not the officers but the subordinate ranks. Even then it amounts to only about one-seventh. We think a larger saving should be possible (say, of 1/5th, i.e., ·28) and we recommend accordingly.
- (c) Even though the strength of the police force will presumably be reduced on account of the rendition of the Indore Residency Bazaars, we observe that reduction on account of ministerial charges as offered by the department is only Rs. 1,600. The number, we observe, is the same to day as it was in 1926-27, when the rendition of even Sehore had not taken place. In our opinion it should be possible to reduce the number by at least three ; saving Rs. 3,000.
- (d) As regards Allowance and Honoraria, Supplies and Services and Contingencies, the department has offered Rs. 10,400. In our opinion it should not be difficult to save at least one-third of the total provision, i.e., approximately ·12.
- (viii) On our proposals the total reduction in Account II will be ·53.

Account III.—Political.

- (ix) The Inchcape Committee had recommended the consideration of the question whether the maintenance of the then existing number of subordinate agencies was necessary. The number was accordingly reduced to four by the abolition of the Malwa Agency. The department has already, in the interests of retrenchment, amalgamated the Bundelkhand and Baghelkhand agencies. The amalgamation is expected to result in a saving of ·368 lakh ; the original estimate was ·42 lakh.

Further, we note that the department had under its consideration the question of abolishing the Bhopal Agency. It is true that the amalgamation of Bundelkhand and Baghelkhand agencies to a certain extent affects the question of abolishing the Bhopal agency. For the present we do not definitely recommend its abolition. But we would like the Department not to give up consideration of this question merely on the ground that Bundelkhand and Baghelkhand agencies have been amalgamated. In this connection we invite attention to the history of the Western India States Agency. (Chapter X, para. 1, page 132.)

(x) We further note that the department has abolished the post of an Assistant Political Agent at Manpur, an Attaché at headquarters and the Registrar to the Central India Agency who was also working as Treasury Officer; the treasury duties have been made over to the Under-Secretary to the Agent to the Governor-General. Considering that in Central India there is no administered area corresponding in importance to Secunderabad under the Hyderabad Residency, we hold that it should be possible to abolish the post of Under-Secretary as well. We note that in his secretarial capacity he deals with judicial, financial, general and education cases so as to leave the Secretary free to deal with political and confidential work. His non-secretarial duties are the magisterial and executive duties of (a) Residency Magistrate, and (b) Deputy Political Agent in Malwa. The Secretary himself is District Magistrate and Sessions Judge. It has been claimed that when the A. G. G. proceeds on tour, some of which may be of prolonged duration, he must be accompanied by a Secretary not only for ceremonial purposes but also for the disposal of his work. The department's view is that if there were only a Secretary and no Under-Secretary, the headquarters of the agency would be left without a political officer, and this would result in the practical suspension of all work and the accumulation of arrears.

The Department's arguments in support of the retention of the Under-Secretary's post do not convince us. All the duties mentioned are comparatively of a routine nature and such as can be performed equally well by an officer of a lower status. These as well as the work of the Registrar and Treasury Officer should be made over to an officer of status corresponding to that of an Assistant Secretary. Although in the absence of details we cannot give an estimate of the savings, it is possible that they will not be far short of .03.

As regards the abolition of the post of Assistant Political Agent, Southern States of Central India and in Malwa, we approve of the department's action. We note however that against the abolition of this post a new post of officer on special duty in Central India with headquarters at Indore has been created since 1st December 1931. If, as we assume, this special duty is only temporary, we hope that the retrenchment will be permanent. We approve of the proposal to abolish the post of Attaché.

(xi) (a) On the same grounds on which we have recommended the abolition of the post of Residency Surgeon, Hyderabad Residency, but subject to what we state in (b) below, we make a similar recommendation in respect of Central India. Indore and its environs are some of the healthy areas on the central Indian plateau and presumably Indore Durbar maintain qualified medical staff. We agree that when the Residency Surgeon's post is abolished, an

Assistant Surgeon, perhaps with even superior qualifications, should be maintained for the needs of the Residency staff. Our proposal will reduce the 1932-33 estimates by .27.

We realise that our proposal about the abolition of the Residency Surgeon's post is likely to raise the question of the absorption of the I. M. S. cadre during peace time. But we hold that the present arrangements relating to the I. M. S. require a radical overhaul and we therefore do not consider ourselves bound to keep within the four corners of the present arrangements. Should however our proposal be rejected, our recommendations in the following paragraph should be given effect to.

We observe that, in addition to his pay on the I. M. S. scale, the Residency Surgeon gets special pays and allowances aggregating Rs. 1,142 p.m. We have not come across another Residency Surgeon in receipt of as many as ten different special pays and allowances. In our opinion the aggregate emoluments paid to this officer out of funds other than central revenues are themselves so substantial, that no special pays or allowances from central revenues should be necessary to attract officers of suitable status and qualifications. We therefore propose that the following special pays and allowances be deleted and give reasons in support of our proposals :—

- (i) Rs. 250 special pay as Chief Medical Officer. Although the Residency Surgeon is technically designated as Chief Medical Officer also, his duties in the latter capacity must necessarily be extremely light. He has only two other agency surgeons under him, and the extra duties which he finds it possible to perform on behalf of various Indian States and non-Government bodies and for which he gets substantial allowances show that his own duties as Residency Surgeon and C. M. O. cannot be heavy. We can see no justification for his legitimate duties, light as they are, being split up and special pays being attached to each. We have made a similar proposal in the case of Delhi, Rajputana and the Western India States Agency.
- (ii) Rs. 100 special pay for visiting medical charge of the Southern States Agency. We cannot agree that such work should be regarded as extraneous to his duty as Residency Surgeon.
- (iii) Rs. 50 special pay for supervision of medical and sanitary arrangements for the Malwa Bhil Corps at Indore. Reason same as above.

Our proposals above will involve a reduction of .05 in the expenditure from central revenues.

We consider it objectionable that an officer's extra emoluments should amount to as much as Rs. 1,150 p.m. The whole question should be carefully reviewed with a view to substantial reduction of the other allowances attached to this post. In particular, we suggest that the emoluments payable from Local and hospital funds, over which officers of the Residency have almost complete control and to some of which substantial grants-in-aid have to be made from central revenues, might be substantially reduced.

We have generally protested against the policy of special pays and we draw Government's attention to this case as typical of the tendency for such pays to accumulate and grow in a form calculated to conceal from view the total emoluments drawn.

(b) If the Residency Surgeon's post is not abolished, the special pays and allowances of Rs. 175 to the Assistant Surgeon should be reduced to an amount not exceeding Rs. 50 or 60 p.m., this allowance being specifically in respect of the Jail charge. For an officer on a scale of pay of Rs. 200—450 the present amount of Rs. 175 is out of all proportion to the pay proper. In any case we see no justification for allowances to the Assistant Surgeon for working as Assistant Residency Surgeon and as Personal Assistant to the Chief Medical Officer. These duties can by no means be regarded as extraneous or onerous.

(c) We observe that the Agency Surgeon at Nowgong draws a duty allowance of Rs. 125; till only recently the amount used to be Rs. 150 p.m. Since Nagode State contributes Rs. 25 towards it, the burden on central revenues is Rs. 100 p.m. The department justifies this special pay on the ground of additional duties caused by the abolition of the appointment of Agency Surgeon, Baghelkhand. We cannot accept this as a valid plea. If it were to be accepted, the abolition of every post would necessarily involve the payment of a duty allowance to some other officer placed in charge of all or some of the duties of the post abolished. Thus, for example, the Political Agent, Bundelkhand, would have to be given a special pay on account of the amalgamation of the Bundelkhand and the Baghelkhand agencies. We recommend the abolition of this special pay, in so far as it is paid out of central revenues. We may here add that the other extra emoluments of the Agency Surgeon, viz., Rs. 425 p.m., are sufficiently liberal to continue to attract officers of suitable standing and qualifications.

(d) Further, we think the post of the Agency Surgeon, Bhopal, can and should be abolished. His duties must necessarily be light and, considering that even the Residency at Gwalior has somehow carried on for years with the occasional visiting services of the Civil Surgeon of Jhansi and that even these will soon be abolished, we see no reason why Bhopal political agency with its small staff should not be able to carry on without an Agency Surgeon. The fact that he holds medical charge of the Sehore hospital appears to us to show that the Surgeon's real duties must be light. In any case it is beside the point, since Sehore after its rendition to Bhopal State is not one of the administered areas and is therefore outside the scope of the Government of India's medical responsibilities. We have carefully considered the arguments adduced by the department in favour of the retention of this post and our conclusion is that its case is an extremely weak one—weaker than the case for the retention of the Residency Surgeon at Indore. So far as the supervision of medical and public health departments of the smaller States and estates is concerned, we cannot agree that central revenues should bear such charges. Besides, we do not think that a costly officer is necessary for this purpose. As regards advice to Bhopal State on public health questions, it seems to us that that State would easily be able to make its own arrangements if the Agency Surgeon's services were not available. Considering the specialisation of public health work we are not sure that a medical officer can do justice to public health,

and particularly epidemiological questions such as are alleged to exist in a somewhat serious form in Bhopal State. The department holds that if this post is abolished, it will not be possible for the remaining two superior medical officers, viz., the Residency Surgeon at Indore and the Agency Surgeon at Nowgong, to carry on the traditional medical and public health duties of the agency medical officers. We agree that each one will have certain additional duties to perform but we hold that the traditional view of the duties to be expected of the medical staff attached to political agencies must now be re-oriented. The medical and public health arrangements in the important Indian States can be, and sometimes are, of a fairly advanced character, and in our opinion the existence of medical appointments attached to political agencies must to a certain extent have the effect of retarding the growth of modern medical and public health arrangements in some of the States. Besides, the explanations furnished to us of the duties of the Residency Surgeon, Indore, the Agency Surgeon at Nowgong and the Agency Surgeon at Bhopal show that by merely relieving the Residency Surgeon and the Agency Surgeon, Nowgong, of duties which cannot by any means be regarded as germane to their main functions, it should be possible to get them to look after all the essential work of the Agency Surgeon at Bhopal. We may here add that Bhopal is not far from Hoshangabad, the headquarters of a division in the Central Provinces and even from Indore the distance by a motorable road is 94 miles. There is also a railway connection with Indore.

If this recommendation is accepted, the post of Residency Surgeon, Indore, may be retained, though with reduced special pays and allowances.

(xii) The allowance of Rs. 350 p.m. to the District and Sessions Judge of Nimar at Khandwa is a new item in the 1931-32 estimates. This new liability was undertaken, because the Agent to the Governor-General is rarely an officer of much judicial experience and it was considered advisable to give him regular judicial assistance in the disposal of judicial cases so as to leave him more time for attention to political work. The conditions on which arrangements have been made with the Central Provinces Government for the disposal of such work are :—

- (1) that the District and Sessions Judge of Nimar should visit Indore for a total period of 33 days in each year spread over approximately six visits;
- (2) that an allowance of Rs. 350 per mensem be paid to the Central Provinces Government Revenues. (This condition may be noted, since we shall have occasion to recommend its application to a similar case in the Hyderabad Residency.)
- (3) that the usual travelling allowance be paid from the Central India budget.

Apart from the alleged grounds the claim to the part-time services of a Judge appears to have been based on the Hyderabad analogy. It is a new item and we recommend its abolition. Even if the arrangement is continued, the reduction of the amount might be taken up with the Central Provinces Government. We presume that the officer does not get the whole of the Rs. 350 and

that either the Central Provinces Government keep it or share it with him ; but if our presumption is wrong, we recommend that the condition should be revised so as to enable the Central Provinces Government to recoup themselves for the services performed by one of their own employees.

(xiii) The total provision for the pay of establishments is 1.64. The expenditure has varied as below :—

1922-23.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
1.32	1.35	1.37	1.42	1.46	1.53	1.64

The following table shows how the establishments have grown. For the sake of convenience officers have also been shown in this table. (O = officers. C. = clerical. I = inferior.)

	1922-23.			1928-29.			1929-30.			1931-32.		
	O*	C*	I*	O.	C.	I.	O.	C.	I.	O.	C.	I.
Indore	6	30	30	8	34	29	8	34	29	8	34	29
Southern States	2	9	7	1	14*	8*	1	14*	8*	2	14*	8*
Baghelkhand	1	9	8	1	10	8	1	10	8	1	10	8
Bundelkhand	3	12	12	3	15	14	3	15	14	3	15	14
Bhopal	2	11	12	2	12	12	2	13	11	2	11	11
Malwa	1	7	6	(now extinct).								
Total	15	78	75	15	85	71	15	86	70	16	84	70

*Excludes temporary establishments.

In spite of the amalgamation of the Bundelkand and Baghelkhand agencies the reduction in ministerial charges which the department proposes to effect is .068. We think that the reduction of expenditure should be nearer 10 per cent. Pending further detailed consideration by the Department, we think a provision of 1.50 lakhs, i.e., Rs. 4,000 in excess of the actuals of 1929-30 should suffice.

(xiv) Similarly in the provisions for Allowances and Honoraria, the reduction effected by the Department is Rs. 7,500. Considering that the total provision aggregates Rs. 46,800 and that under Government orders certain allowances have, since the preparation of the 1931-32 estimates, been subjected to percentage cuts, we consider that a reduction of Rs. 10,000 could and should be made.

The Political Agent, Bhopal's sumptuary allowance of Rs. 100 was sanctioned in 1929 on the ground that his headquarters were shifted from Sehere to Bhopal, the capital of a Muslim State, where there is more obligatory entertainment to do. We recommend that this allowance be abolished. Few Political Agents get sumptuary allowances and district officers and commissioners in charge of important headquarters stations in the major provinces, some of them with very large non-Hindu population, do not get sumptuary allowances.

(xv) *Supplies and Services, Contingencies and other Charges.*—Table C in paragraph (3) may be seen. The department offered a lump cut of .44 lakh on account of retrenchments under consideration. We think, the provision for

miles from Mhow. We may cite the case of the Judicial Commissioner of the Western India States Agency at Rajkot who also looks after judicial work at Mount Abu and again at Ajmer. We suggest for the consideration of the Departments that one of the two posts may be abolished; in that case the officer retained might go "in circuit" to the other cantonment in his charge.

Further, it is no longer necessary to make any provision for a special pay of Rs. 200 *plus* a compensatory allowance of Rs. 100 to one of the judicial officers. This was intended in fact for the British Judicial officer at Mhow; the reservation of this post for a British officer is no longer in operation, and the post is filled by an officer of the Central India cadre on Rs. 800—25—1,000 without any allowances. The change is expected to result in a saving of Rs. 5,700. We also presume that it will not be necessary to make such a large provision as Rs. 4,200 for leave salary.

Our main proposals above should yield a saving of about .18 in the provision for the pay of officers. In addition, we think the rendition of Sehore has not been reflected sufficiently in a reduction of expenditure. Keeping this in view and also the reduction which must result from the rendition of the Indore Residency Bazars, we think it should not be difficult to save about .25 in the provision for "Administration of Justice".

(xix) *Jails*.—There is a provision of Rs. 400 for an establishment of two and of Rs. 13,300 for other charges. We presume that this small establishment is for the pargana of Manpur. The real jail staff under this Agency is of course much larger, the jail establishment at Indore alone being 35; but this staff is provided for in the political estimates and is non-voted. From the voted provision of Rs. 1,700 the department has effected a reduction of Rs. 400. We are content to recommend its acceptance.

(xx) *Ecclesiastical*.—The provision is Rs. 28,700. A reduction of Rs. 500 has been proposed by the department. We have, however, dealt with the whole Ecclesiastical expenditure in Part II of our *Interim Report* (Chapter XX and paragraph 15 of Chapter I).

(xxi) *Education*.—The 1931-32 provision for Education is 1.21. A glance at the figures given in Table A in paragraph 3 will show that since 1927-28 educational expenditure has not only not grown but has been somewhat on the decline, presumably owing to fluctuations in the grants-in-aid, some of which may have been non-recurring.

Out of a provision of 1.21 lakhs the grant-in-aid to the Chiefs' (Daly) College, Indore, accounts for Rs. 50,000. The other grants aggregate about .63. So far as superior inspection is concerned, Central India utilises the part-time services of the Superintendent of Education, Delhi and Ajmer-Merwara. For this the area is charged one-sixth of his, his stenographer's and his other additional staff's salaries. Besides, for the inspection of primary schools an Inspector and a clerk are also maintained.

The department has effected a reduction of .089 lakh.

We shall first deal with the grant-in-aid to the Daly College. We observe that the obligation was undertaken by the Government of India during Lord

Curzon's viceroyalty when certain reforms were introduced in the then existing Chiefs' Colleges. Additional expenditure owing to the introduction of the reforms was to be made good by Government. Daly College was reconstituted as a Chiefs' College in 1906 and a subvention of Rs. 50,000 per annum was then fixed and has accordingly been granted. Whatever the history of this obligation, we consider that it is no longer justified by Government's present financial position. We consider it unfair to apply central revenues to Chiefs' education. It should not at all be difficult for the Foreign and Political Department to enlist the generosity of the States concerned in making the Chiefs' Colleges practically speaking self-supporting. On these grounds which also apply to the similar proposals made by us in the case of Mayo College, Ajmer, the Rajkumar College, Rajkot and the Rajkumar College at Raipur, we recommend that the provision of Rs. 50,000 for the grant-in-aid to the Chiefs' College, Indore, should be deleted. Otherwise we are content to accept what the department has already done. The reduction of expenditure will be 56.

(xvii) *Medical*.—The principal items in the provision of 52 for Medical are (i) medical and other establishments costing Rs. 17,400 on pay alone, (ii) Rs. 22,000 grants-in-aid to medical institutions, (iii) Rs. 1,000 scholarships to medical students, and (iv) Rs. 5,100 cost of medicines and diet.

The department has effected a reduction of Rs. 1,500 in the expenditure on contingencies, etc. In addition to this we propose that the provision of Rs. 700 for allowances of Rs. 30 p. m. each to the Staff Surgeons at Mhow and Neemuch for the performance of civil medical duties in those two cantonments should be deleted. The status of the officers concerned does not appear to us to be consistent with the payment of small allowances for such civil work as they are occasionally called upon to do. Besides, the officers are maintained from central revenues. If the Army Department should demand any *quid pro quo*, the claim should be considered on its merits.

The principal grant-in-aid is presumably intended for the King Edward Hospital and the King Edward Hospital Medical School. We observe that the Residency Surgeon gets substantial allowances [*vide* paragraph (2)-A] from these institutions to which liberal grants-in-aid have to be made from central revenues. We have already suggested the reduction of these allowances from funds virtually under the control of officers attached to the Residency. In other respects we would leave the provision for Medical intact. Including the department's reduction of Rs. 1,500 we think that immediate reduction of Rs. 2,000 should be possible. Such reduction of the grants-in-aid as may become feasible as a result of the action suggested by us will be in addition to this Rs. 2,000.

(xviii) *Public Health*.—The 1931-32 provision is Rs. 37,400 of which all but Rs. 400 was for a drainage scheme for the Residency. In view of the rendition of the Indore Residency Bazars this scheme has naturally been given up. The reduction of 37 should of course be accepted. In addition, a reduction of Rs. 200 has been made under contingent expenditure in connection with bubonic plague. We approve of this reduction.

(xix) *Agriculture*.—The provision is Rs. 5,700, *viz.*, Rs. 2,400 for a special officer (on Rs. 200 p. m.) and Rs. 3,300 for other charges in connection

with the agricultural development of Manpur pargana. The department has abandoned the scheme and cut out the entire provision.

While generally speaking we do not favour the abandonment of beneficial schemes, we think that in this particular case no adequate return could be expected from the outlay on the agricultural development of a single small pargana. We therefore take no objection to the department's action in abandoning this particular scheme.

(xxv) *Inspection of motor vehicles.*—There is a provision of Rs. 400 for motor allowances and Rs. 600 for office expenses and miscellaneous expenditure in that connection. The former is for allowances, one of Rs. 20 and the other of Rs. 10, payable to two clerks in the Criminal (i.e., Police) branch. These allowances were sanctioned in 1927 for the extra work of registration and licensing of motor vehicles. The provision formerly used to be made under the major head "26—Police". The department claims that the allowances are paid in lieu of additional clerical posts. In view of the rendition of the Indore Residency bazars, the amount of these allowances should be reduced to, say, Rs. 15 (say, 10 and 5) p. m., i.e., by about Rs. 200.

The provision for other charges should be halved.

The total reduction of expenditure should be Rs. 500.

(xxvi) *Miscellaneous.*—The 1931-32 provision for miscellaneous expenditure is Rs. 26,500, viz., Rs. 25,300 for grants-in-aid, Rs. 400 for rewards to European ladies for passing departmental examinations, Rs. 200 for miscellaneous durbar expenditure and Rs. 600 for other compensations.

The department has effected a reduction of Rs. 19,700.

The contribution to the Indore Residency Bazars used to be Rs. 19,400; the whole of this should now appear as a reduction of expenditure. The contributions to Manpur town fund (Rs. 3,500), Sutna bazar fund (Rs. 200) and Bandelkhand Agency local fund (Rs. 1,700) may continue. But the grant-in-aid (Rs. 500) to the Chiefs' Guest-house should be reduced as presumably the department intends to do.

(xxvii) On our proposals the total reduction of expenditure in this Account will be nearly 1.50 lakhs.

(7) *Summary of savings.*—On our proposals there should be a reduction of expenditure on Central India as an "area" by about 3.97 lakhs. The department had informally and provisionally offered a reduction of 3.23 and effected one of 2.406 lakhs. While as indicated by us above we consider that it is possible to go beyond the department's provisional offer of 3.23 lakhs, we shall be content if the department gives effect to proposals resulting in a reduction of at least 3½ lakhs.

CHAPTER VIII.

GRANT NO. 85-HYDERABAD.

(1) *Introductory*.—Hyderabad Residency is one of the oldest political agencies in India and the Resident has the status of a class I Agent to the Governor General. He exercises the powers of a minor local government in respect of the following areas administered direct by the Central Government through him, *viz.*, (i) the Residency Bazaars, (ii) the important cantonment of Secunderabad including Bolarum and Trimulgherry, and (iii) the Cantonment of Aurangabad in the north-west corner of H. E. H. the Nizam's dominions. The population of Secunderabad is 120,801; including a military population of 13,708; in 1921 it was about 95,000. The population of the Residency Bazars, Hyderabad, is 15,532 and that of Aurangabad Cantonment 7,582.

An important point to bear in mind in connection with these administered areas is the existence of Local Funds, *viz.*, the local (Abkari, etc.) fund of Secunderabad and the Aurangabad Abkari Fund. They amount to substantial figures and unlike the funds of local self-governing bodies they have to bear the burden of certain State activities which would no longer be classed as functions appropriate to local self-governing bodies. [*Vide* paragraph 9 (ix) of Chapter I.]

(2) *Analysis of expenditure*.—The "area" grant for Hyderabad for 1931-32 is 9·90 lakhs of which 6·71 is "non-voted" and the rest is "voted". The two most important heads of expenditure are Political (2·91 lakhs) and Police (5·71 lakhs).

The non-voted provision of 6·71 lakhs consists of 2·91 lakhs for expenditure classified as "Political", ·16 for the pay and passage of the Superintendent of the Hyderabad Amalgamated Police, 3·24 lakhs for the Hyderabad Railway Police; ·38 for "Ecclesiastical" and ·029 for miscellaneous assignments and compensations.

Of the "voted" grant of 3·19 lakhs the main constituents are 2·21 for the Hyderabad Amalgamated Police, ·11 for other district executive police, ·38 for Education, and ·40 for Medical and Public Health.

Besides the "area" grant of 9·90 lakhs there is a provision of 14·78 lakhs under other demands. The more important among these, *viz.*, Interest on Ordinary Debt (12·34 lakhs) and Pensions (Political ·44, others 1·25) do not concern the administration of the "area" proper. Only the following expenditure can be claimed to be incurred in the area and for its own benefit :—

Currency.—(·05), Civil Works (·52), Stationery and Printing (·12), Refunds (·06); Total ·75 lakh.

The total expenditure from Central revenues (*i.e.*, apart from that from Local Funds) on this agency may therefore be said to amount to 9·90 plus ·75 = 10·65 lakhs, and is incurred on (i) the maintenance of Political relations with His Exalted Highness the Nizam's Government, (ii) the administration of certain special police arrangements including those for the Nizam's Railways, and (iii) the administration of certain areas.

(3) *Growth of expenditure.*—The following table sets forth the expenditure incurred on Hyderabad "area" in various years :—

	1913-14.	1922-23.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
Political ..	1.93	2.58	2.52	2.29	2.20	2.40	2.73	2.79	2.62	2.91
Stamps01	.01	..	.01	..	..	..	..
Justice03	.02	.02	.04	.05	.04	.04	.05
Police37	.24	.31	.27	.19	.05	2.40	2.45
Ecclesiastical44	.49	.47	.42	.45	.50	.44	.33
Education58	.21	.17	.18	.16	.30	.33	.37
Medical06	.10	.07	.13	.06	.07	.07	.07
Public Health10	.14	.10	.11	.11	.10	.30
Miscellaneous02	.01	.11	.03	.02	.03	.04	.08
Total ..	3.43	3.76	3.82	3.46	3.25	3.50	6.16	6.23	6.44	9.90

Two important changes described below took place under the head 'Police' and have to be borne in mind before a true comparison can be made. (i) From 1928-29 recoveries which were formerly deducted from expenditure began to be credited to revenue, thus causing an apparent growth of expenditure, and (ii) the cost of the Railway Police, which is recovered in full from the Hyderabad State, was shown in the expenditure estimates for the first time in 1931-32. Formerly, it was treated as an advance and adjusted under a debt head "Advances Recoverable". Besides, recoveries from local funds, etc., on account of the cost of Hyderabad 'area', which were treated as minus expenditure, are now credited to revenue.

(4) *Inchcape proposals.*—The only recommendation made by the Inchcape Committee was a reduction of Rs. 18,500 from the 1922-23 provision of Rs. 23,330 for 'Education' on the ground that the cost of secondary education should be met from local bazaar funds and by increased fees. The following table shows how the various provisions for 1931-32 compare with those in various years before and after the war and with the budget recommended by the Inchcape Committee.

	1913-14, Actuals.	1922-23, Budget.	Budget recommended by Inchcape Committee.	1924-25, Actuals.	1931-32, Budget.
Political	1.93	2.46	2.46	2.52
Education58	.23	.05	.17
Civil Works	1.56	1.12	1.12	.50
Pensions	1.47	1.34	1.34	.85
Ecclesiastical44	.61	.61	.47
Net expenditure on Police37	.24	.24	.31
Other Items22	.58	.58	.35
Total ..	6.57	6.58	6.40	5.17	7.88

(5) *Departmental Offer.*—The department has offered a saving of .56 lakh under Political and .33 lakh under Public Health. Total .89 lakh. The reduction of .33 under 'Public Health' will have the effect of stopping all grants-in-aid for sanitary purposes and general improvement in the Residency Bazaars; presumably the burden will be merely shifted to the local fund or funds concerned.

The offer may be analysed into the usual units as follows :—

	Budget for 1931-32.	Reduction.
Officers	1.51	.47
Establishment	1.36	.07
Allowances .. .. .	.42	..
Other charges	1.31	.35
Total	4.60	.89

The more important items of expenditure in this retrenchment scheme are :—

- (i) Transfer of pay of Under-Secretary to the budget of the Secunderabad Local (Abkari, etc.) Fund.
- (ii) Transfer of 90 per cent. of the pay of the Residency Surgeon to the Secunderabad Local (Abkari, etc.) Fund.
- (iii) Replacement of the Personal Assistant to the Resident on Rs. 700 by a part-time Military officer with an allowance of Rs. 100 per mensem.
- (iv) Reduction of the two Upper Division appointments in the scale of Rs. 100—10—200, one lower division appointment in the scale of Rs. 50—2½—100 and one appointment of Farash on Rs. 15.
- (v) Abolition of a lower division appointment in the grade of Rs. 40—2—80 in the Residency office.
- (vi) Revision of scale of the Confidential Clerk's pay from Rs. 250—300 to Rs. 200—20—300.
- (vii) Abolition of shorthand allowance of Rs. 25 per mensem to one clerk.
- (viii) Stoppage of special pay of Rs. 2 each p. m. to sixteen menials.
- (ix) Stoppage of certain papers and periodicals, Reuter's and Indian News Telegrams, etc., for the Residency Office.
- (x) Stoppage of grant-in-aid for sanitary and general improvements in the Residency Bazaars.

The Department has also drawn our attention to certain proposals under its consideration and has added that if these are finally accepted, there will be a further reduction of .41 lakh in the expenditure from the central revenues as below :—

(i) Abolition of the Frontier Chowkidari establishment	11
(ii) Recovery of the cost of police in Bolarum and Aurangabad from the Secunderabad Local (Abkari, etc.) Fund and the Aurangabad Abkari Fund, respectively	30

One comment we wish at once to make on this entire scheme of retrenchment is that only a small portion of it amounts to genuine relief to the tax-payer. The transfer of the Under-Secretary's pay and of 90 per cent. of the Residency Surgeon's pay to the Secunderabad Local Fund and the proposal to recover the cost of the police maintained for Bolarum and Aurangabad from the Local Funds concerned will merely shift the burden to a local set of tax-payers. We observe that at the time of the appointment of the Inchcape Committee also the direction which the Resident's offer to reduce the expenditure took was exactly the same, *viz.*, transfer of a share of the cost of his staff to local funds. Apart from these important items the only remarkable item is the proposal to replace the post of a Personal Assistant to the Resident by a part-time officer with an allowance of Rs. 100 per mensem. We ourselves would in any case have proposed such an arrangement, for, so far as we are aware, no other Political Agency or Residency has such an expensive Personal Assistant's post.

(6) *Our proposals.*—As usual we shall deal with each account separately.

ACCOUNT I.—*Political.*

(i) The expenditure has varied as below :—

1913-14.	1922-23.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
1-93	2-58	2-52	2-29	2-20	2-40	2-73	2-79	2-62	2-91

The Residency staff consists of a Resident (pay Rs. 4,000), a Secretary and an Under-Secretary on the Foreign and Political Department scale of pay, an Assistant Secretary (on Rs. 800—1,000) and a Personal Assistant (on Rs. 700). A Residency Surgeon and an Assistant Surgeon are also attached to the Residency. There is also a provision of Rs. 4,200 for the payment of an allowance at Rs. 350 per mensem to the " Additional Judge of the Court of the Resident ". The Under-Secretary is District Magistrate for the Hyderabad Administered Areas.

The Resident is in receipt of a sumptuary allowance of Rs. 1,000 per mensem. The Under-Secretary gets an allowance of Rs. 200 per mensem for the management of a minor's estate. The Residency Surgeon's emoluments, apart from his pay are :—

Rs. 500 per mensem, together with a free house, for medical consultation on His Exalted Highness the Nizam and his family. These charges are borne by the Hyderabad State.

Rs. 300 per mensem payable by the Civil Hospital Fund, Secunderabad, and

Rs. 100 per mensem payable by the Secunderabad Local Fund in respect of the District Jail charge.

Besides the staff mentioned above, the following superior staff is also employed but no provision for such staff is made in the estimates :—

(a) District and Additional Sessions Judge, Secunderabad (pay Rs. 1,100).

(b) Second Magistrate, Secunderabad (pay Rs. 900).

(c) District Munsif, Secunderabad (pay Rs. 600 plus Compensatory Allowance Rs. 75).

(d) Judicial Officer, Aurangabad (pay Rs. 450).

There are also two Superintendents and two Deputy Superintendents of Police ; they will be dealt with under Sub-head ' Police ' of Account II.

The above description will show that the real aggregate expenditure is considerably in excess of the provisions in the estimates. It is difficult to compare it with expenditure in, *e.g.*, the Western India States Agency in whose case the expenditure on account of the pay of the Judicial Commissioner and other similar officers is shown in the estimates.

The Department has offered a reduction of .56 lakh. We presume that the important details are contained in the proposals set forth in paragraph (5).

It is true that the reduction offered will take ' Political ' expenditure in this agency back to a figure which does not compare unfavourably with the actuals of 1925-26 or 1926-27 and which will be actually lower than those of 1924-25 and 1927-28. Were it not for the fact that our own scrutiny discloses to us some additional avenues of economy, we would have been content to recommend acceptance of its offer. As it is, we propose to examine the position in some detail.

(ii) In our opinion the staff maintained for this Residency is excessive and can be reduced without risk of serious inconvenience. In this connection we should give a warning against the application of analogies from other Residencies. The conditions of the Hyderabad Residency, which has to deal with one large but compact State, are different, in essence, from those of political agencies like, *e.g.*, Rajputana or Central India, which have to deal with a number of States and sometimes, as in the case of the Western India States Agency, have also to discharge ordinary judicial and even administrative functions on behalf of some of the States.

We have examined the question whether it is necessary to retain an Under Secretary, an Assistant Secretary and a Personal Assistant, and have come to the conclusion that either the Under-Secretary's or the Assistant Secretary's post should be abolished. We observe that from 10th August 1931 the Assistant Secretary is in charge of the current duties of the Under Secretary and that the latter's duties as District Magistrate of the Hyderabad administered areas are being performed by the Second Magistrate, Secunderabad. Presumably this has been due to the transfer of the Under Secretary's pay to the budget of the Secunderabad local fund. As we understand the position, these facts show that the Under Secretary's post can be abolished. We do not approve of the department's action in merely transferring the Under Secretary's pay to the budget of the Secunderabad Local Fund, since in our opinion it is not genuine retrenchment and does not afford relief to the taxpayers of the area.

As regards the Assistant Secretary's post we assume that his duties are the usual duties of an officer incharge of an office. An officer on a pay of Rs. 840 is altogether too expensive for the duties expected of him. In our opinion this post should be replaced by a post corresponding to that of an

ordinary superintendent in an administrative office. Even then there should be a very substantial saving on the difference of pay. We may observe that the basic pay of the present Secretary as shown in the October 1931 Quarterly List appears to be Rs. 900. If so, the argument for reducing the status of the Assistant Secretary's post is even stronger.

For the present, we shall assume that the Under Secretary's post can and will be abolished, and that the Assistant Secretary's post will be reduced in status.

We approve of the department's proposal to replace the Personal Assistant by a part-time military officer.

(iii) Secondly we can see no reason whatever for the retention of a Residency Surgeon. The entire system of attaching surgeons to political agencies appears to us to be out of date now. It undoubtedly had its utility in days when qualified practitioners of the western system of medicine and surgery were not readily available. But with the growth of an independent medical profession and the revolution in communications and particularly in view of the employment of qualified doctors and surgeons by the leading Indian States, the need for attaching surgeons to political agencies, as a matter of course, is no longer what it used to be. We may further observe that in the case of the Mewar Residency the department has decided to abolish the post of Residency Surgeon; the case for the abolition of the post of Residency Surgeon, Hyderabad, appears to be even stronger. We understand that Hyderabad has a well-equipped and up-to-date hospital in charge of an experienced ex-Indian Medical Service officer and as regards the actual medical work of the Residency Surgeon, the department itself admits that he "is mainly occupied with these Local Fund institutions". His most important "Local Fund institution" duty is his charge of King Edward Memorial Hospital, Secunderabad, on which the local fund spends about two lakhs of rupees yearly. The Residency hospital situated in the Residency Bazaars and the Secunderabad jail are also looked after by him.

We observe that the department has proposed to transfer 90 per cent. of the Residency Surgeon's pay to the Secunderabad local fund. We do not consider this genuine retrenchment. It may relieve the central revenues but it does not lighten the taxpayer's burden. A station like Secunderabad which presumably already has the usual medical staff attached to the army units stationed there cannot afford the high pay of an officer of the status of the Residency Surgeon. Stations of corresponding importance together with thousands of square miles of rural area in the major provinces are frequently in charge of civil surgeons drawn from the provincial medical service. The proposed arrangement will merely help to conceal the real expenditure on the Residency. Since presumably the agency administering the Secunderabad local fund at present is mainly official, it cannot be expected to raise its protest against the proposed arrangement. We must therefore give our warning against the arrangement contemplated by the department. What is really needed is real permanent reduction of expenditure so as to lighten the taxpayer's burden.

We accordingly recommend that the post should be abolished. A surgeon attached to the Secunderabad Cantonment should, on the Baroda analogy,

be charged with the duty of looking after the medical needs of the Residency staff and the civil hospital at Secunderabad, a suitable allowance not exceeding Rs. 250 per mensem being paid to him for this purpose, if need be.

In any case, considering that the medical staff at Hyderabad and the hospital there, both of which are within easy reach of the Resident and his staff, are or can be made available for medical advice to, and treatment of, the Residency staff we consider it wholly unjustifiable that central revenues should be burdened with any part of the cost of the Residency Surgeon's post.

Before we leave this part of the field under our survey, we may draw attention to the emoluments of the Residency Surgeon. In view of the fee of Rs. 500 per mensem payable, and the free house provided, by His Exalted Highness the Nizam's Government, we seriously doubt the justification of the handsome emoluments which the Residency Surgeon at present draws for the hospital and the jail charges. Presumably these allowances are paid from the hospital and the local funds and do not appear anywhere in the central estimates. Besides, we have already proposed the abolition of the Residency Surgeon's post. On these grounds we are content to draw the department's attention to the facts and refrain from making a definite proposal. Since we have proposed the abolition of the Residency Surgeon's post, we do not maintain the recommendation in our skeleton scheme that the Assistant Surgeon's post should also be abolished. But if the Residency Surgeon's post is retained, we recommend that the Assistant Surgeon's post may be converted into that of a Sub-Assistant Surgeon competent to hold charge of the dispensary (or hospital if it really is a hospital) for the Residency Bazaars. As regards the King Edward Memorial Hospital, the hospital fund should bear the entire cost of the medical officers working for the hospital. This will provide for such duties (if any) as the Assistant Surgeon may at present be performing for that hospital.

There is also a provision of Rs. 400 in the 1931-32 estimates for an 'allowance to a senior medical officer'. If this refers to the Residency Surgeon, we must remark that since he already enjoys a number of liberal allowances and other emoluments, we can see little justification for adding to them. The provision should be deleted.

10) We observe that the "Additional Judge in the Court of the Resident" gets an allowance of Rs. 350 per mensem. This arrangement was initiated in 1923 in response to the public demand for a specialised judicial officer to hear appeals, which in British India would be heard by the High Court or a Judicial Commissioner. A District Judge from one of the adjacent districts of Madras Presidency visits Hyderabad periodically to act as Additional Judge in the Resident's court and is granted an allowance of Rs. 350 per mensem in addition to ordinary travelling allowance. The expenditure is subsequently recovered from the revenues of the Hyderabad Administered Areas, and central revenues do not bear any part of it.

On grounds explained above we propose not to exclude this item from our review. In our opinion the allowance is excessive for the additional duties expected. We suggest that it should be reduced to about Rs. 150 per mensem. In the alternative, we suggest that it should, as is usual in such cases (*e.g.*

in the case of Central India) be shared by the officer with the Madras Government. For the present we assume that the former course will be adopted.

(v) Further we propose a reduction of .10 in the provision for the ministerial establishment and a reduction of the provision of Rs. 14,300 for travelling allowance by one-half. The sumptuary allowance of Rs. 1,000 per mensem is excessive and should be reduced to one half.

(vi) Under 'Supplies and Services' the department has offered a reduction of Rs. 5,900, viz., Rs. 3,500 in the provision for the maintenance and renewal of furniture and Rs. 2,400 under other items. We recommend acceptance.

(vii) As regards 'Contingencies', the department has explained that since all major works have been suspended on account of financial stringency, the increased provision for telephonic connections in the Secretary's new quarters, which were intended to be constructed this year, will not be needed; saving Rs. 500. The departmental reply makes it quite clear that in 1932-33 the provision of Rs. 1,355 for warm clothing will also not be needed. There should thus be a saving of .02 under 'Contingencies'.

(viii) On our proposals we expect there should be a reduction of about .80 lakhs.

ACCOUNT II.—Other Expenditure heads.

The heads of expenditure comprised in this account are :—

	Rs.
(i) Land Revenue	200
(ii) Stamps	100
(iii) Registration	100
(iv) Administration of Justice	5,000
(v) Police	5.71 lakhs
(vi) Ecclesiastical .. .. .	.38 lakh.
(vii) Education .. .. .	.38 "
(viii) Medical .. .. .	.07 "
(ix) Public Health .. .. .	.34 "
(x) Miscellaneous .. .. .	.06 "

The only reduction proposed by the department is .33 under Public Health.

Our Proposals.—(i) The provision under Land Revenue, Stamps, and Registration are too small to call for a scrutiny.

(ii) Under "Administration of Justice" we think it should be possible to save .01 as is shown by the table given in paragraph (3). In no preceding year, except in 1926-27, has the expenditure on this service exceeded .04.

(iii) We have already dealt with Ecclesiastical in Part II of our Report.

(iv) As regard Medical and Education we draw attention to what we have stated in paragraph (10) of Chapter I of Part I of our report. We are not prepared to assume responsibility for any reduction in these grants.

(v) Coming to Public Health we observe that the department proposes to reduce the provision for 1932-33 by .33, i.e., to stop in toto the grant-in-aid

for sanitary and general improvement of the Residency Bazaars. We are not in a position to say whether the abandonment of the scheme is advisable or not and, so far as its merits are concerned, we record no opinion. We shall, however, include the amount offered, viz., .33 in our summary.

(vi) We find that the miscellaneous expenditure is liable to fluctuate. In the light of past experience we doubt if any serious reduction can be made in the 1931-32 provision of .06.

(vii) The reduction of expenditure in this account apart from that in the expenditure on police will be .34 lakh.

We shall now deal with the provisions for 'Police' under the control of this Residency.

ACCOUNT II.—Police.

(i) *Explanation.*—Three district forces are maintained, viz., (a) the Hyderabad Amalgamated Police at a cost of 2.36, (b) the Hyderabad Railway Police costing 3.24 and (c) a small force costing .11 lakh for the policing of the Bombay frontier.

The strength and gross cost of these three forces in certain years have been shown in the following table:—

	1913-14.	1922-23.	1924-25.	1928-29.	1929-30.	1930-31.	1931-32.
(A) Hyderabad Amalgamated Police.							
Superintendent	1	1	1	1	1	1	1
Deputy Superintendent ..	1	1	1	1	1	1	1
Inspecting Officer .. ..	..	..	..	..	1	1	1
Inspectors and Sub-Inspectors	16	13	{ 15 }	18	18	18	18
Sergeants	2						
Head Constables and Constables	645	612	607	612	612	612	612
Total cost ..	1.58	2.33	2.37	2.28	2.34	2.44	2.36
(B) Hyderabad Railway Police.							
Superintendent ..	1	..	1	Until 1931-32 Railway		1	1
Deputy Superintendent ..	..	..	1	Police expenditure		1	1
Inspectors ..	4	..	4	was not shown in the		21	21
Probation. { Sub-Inspectors ..	11	1	11	estimates but was		729	729
{ Head Constables ..	74	..	77	treated as an "advance recoverable".			
{ Constables ..	577	..	557	Hence the details are not available.			
Total cost ..	1.64	..	2.63	..	..	..	3.24
(C) Total cost on Frontier Chowkidari.	.10	.11	.11	.12	.12	.11	.11

No portion of these forces serves His Exalted Highness the Nizam's Government. The arrangements are somewhat complicated and will bear a little explanation.

The entire cost of the Hyderabad Railway Police (with the exception of Rs. 84 per annum on account of a portion of the rent of the Raichur Inspector's M27FinD

quarters, which is paid from central revenues) is recovered from the Hyderabad State and the Railway companies concerned. - The gross cost of this police has appeared for the first time in the current year's estimates as a non-voted item. The policy underlying the arrangements is that of securing to the Government of India control over Railway Police all over the country and follows the same lines as in Rajputana, Central India, Kathiawar, etc. It only remains to add that the Superintendent of the Railway Police gets a special pay of Rs. 150 per mensem sanctioned for all Superintendents of Railway Police.

Excluding the cost of the Railway police the total provision for Police is 2.47 lakhs. Recoveries from the various Local Funds, etc., estimated to amount to 2.14 lakhs, are, however, to be set off against this 2.47 lakhs. The net burden to central revenues in 1931-32 is estimated to be only Rs. 6,360. The system under which Local Funds bear the burden of the Police entertained for the protection of various areas may now be explained.

In 1907 Government decided that the cost of the police in the Hyderabad 'administered areas' should be a charge on central revenues but contributions-in-aid should be taken from their respective Local Funds. As regards the cost of the Police employed in Aurangabad, it was decided to charge it to central revenues and two years later it was decided to charge the cost of the police at Bolarum also to central revenues. Thus, the average cost of the police force employed in (i) the Residency Bazaars, and (ii) Secunderabad (*minus* Bolarum) together with a proportionate share of the cost of supervision and office establishment is recovered from their respective Local Funds. Further, a moiety of the cost of the Police Training School at Begumpet is also recovered from Hyderabad State on account of the Hyderabad Railway Police.

The average cost of the District Police is 2.51 lakhs distributed as follows :—

	Lakh.
Secunderabad Local Fund	1.80
Residency Bazaars Fund .. .. .	.35
Government of India (for Bolarum and Aurangabad Police) ..	.33
His Exalted Highness the Nizam's Government (for Police Training School).	.03

Besides full recoveries of the first three items from the Local Funds and from Hyderabad State, leave contributions of Rs. 18,315, Rs. 3,590 and Rs. 337 are also recovered. Thus, recoveries (including leave contributions) amount to 2.41 lakhs as against 2.36, the *direct* estimated cost in 1931-32 of the Hyderabad Amalgamated Police. The recoveries appear to be in excess of the cost, but since the former includes leave contributions, whereas the latter does not, the excess recovery is only apparent and not real.

The strength of the frontier chowkidari establishment, for which there is a provision of Rs. 10,700 in the 1931-32 budget, is one Karkoon, ten Naiks and 130 Sepoys. The cost is entirely borne by central revenues. Considering that the expenditure has not varied, the strength too has probably not varied appreciably. But we have no information on this point.

This force appears to have been entertained by His Exalted Highness the Nizam's Government in 1842 at the instance of the Government of Bombay to guard the frontier against the depredations of certain hill tribes (Bhils) residing in Hyderabad State. Its cost used to be borne by Berar revenues till 1903-04. When Berar was transferred to the Central Provinces Government, the Government of India agreed to bear the charge. The question of the abolition of this force has been taken up with the Government of Bombay and the department hopes to arrange either that the force should be abolished altogether or that central revenues should be relieved of the charge.

Finally, we should add that the 1931-32 estimates contain a provision of Rs. 1,800 per annum for an Inspecting and Advising Officer. This too requires some explanation. Prior to the transfer of Berar to the Central Provinces, the administration of the police in the Hyderabad Administered Areas was entrusted to a whole-time officer, viz., the Inspector-General of Police, Hyderabad Assigned Districts, but this appointment was abolished on the transfer. The need for scrutiny and criticism from superior officers with expert technical knowledge was increasingly felt. The system then existing made a heavier claim on the time of the Residency than should have been the case; the Secretary as Inspector-General of Police had to rely almost entirely on the advice of the Superintendents on proposals submitted by them in connection with any police problem. It was therefore thought necessary to appoint an Inspecting and Advisory Officer. This post was accordingly sanctioned in May 1930 with a view to obtaining a more detached and mature police view upon the merits of the proposals submitted by the local Superintendents. The Deputy Inspector-General, Crimes and Railways, Central Provinces, performs the duties of Inspecting and Advisory Officer in addition to his own duties and is given a special pay of Rs. 150 per mensem. The cost is met in the first instance from central revenues and is subsequently recovered from the various local funds, the Nizam's Government and the railway companies concerned. Central revenues do not therefore bear any portion of the expenditure on this account.

Similarly a duty allowance of Rs. 50 per mensem is paid to the Deputy Superintendent of Police of the Hyderabad Amalgamated Police for his duties as Principal of the Police Training School, Begumpet.

(ii) *Departmental proposals.*—The Department has offered no reduction. Its view appears to be that since 5·30 out of 5·71 lakhs is covered by receipts from His Exalted Highness the Nizam's Government and the local funds, no reduction should be made. We agree that so far as recoveries from His Exalted Highness the Nizam's Government are concerned, it is for them to take up the matter if they wish to do so. The local funds, however, are in essence, raised from a limited set of central tax-payers. On this as also on the technical but none-the-less valid ground that the expenditure in fact appears in the estimates of central revenues and expenditure, we propose to examine the scope for economy in the expenditure on the amalgamated police and the frontier chowkidari establishments. We may here draw attention to the analogous cases* of Pilotage, Light-houses and Light, ships, etc.

* *Vide* Sub-paragraph (i) on page 99 and paragraph 13 (i) on page 103 of Part II of our Report.

(iii) *Our proposals.*—

(a) *Hyderabad Amalgamated Police.*—Considering that there already is a Superintendent of the Railway Police we are not satisfied that it is necessary to maintain a District Superintendent of police. In fact, we observe that the present incumbent of this post is a junior officer drawing a pay of Rs. 750 plus £25 overseas pay and a conveyance allowance of Rs. 87-8-0. In our opinion it should not be difficult to reduce the status of this post to that of a Deputy Superintendent incharge of Secunderabad, the Residency bazaars and Aurangabad. (In this connection we draw attention to the fact that the Mahikantha police* has only a Deputy Superintendent at its head.) He would of course still have a junior deputy superintendent or a senior inspector to take direct charge of Aurangabad under his control. Since the basic pay of the present incumbent of the post is low, there will not be any great immediate economy resulting from our proposal. But we consider that the reduction of the status of the post will help to keep the cost down against a possible proposal in the future to appoint a senior I. P. S. Officer to the post.

We presume that the conveyance allowance of Rs. 87-8-0 to the District Superintendent and of Rs. 43-12-0 to the Deputy Superintendent of Police, Secunderabad, are in respect of their duties at Secunderabad and that for journeys to Aurangabad, etc., they are entitled to draw travelling allowances under the usual rules. If our presumption is correct, we recommend the abolition of these conveyance allowances. Numerous cases can be cited in which even with larger and more important towns in addition to thousands of square miles of rural area under their charge superior police officers get no conveyance allowance.

We further observe that the Deputy Superintendent of Police, Secunderabad, gets a special pay of Rs. 50 per mensem for his work as Principal of the Police Training School, Begumpet. We cannot agree that the duties of this post should be regarded as either extraneous to this officer's ordinary police duties or so onerous as to justify a special pay. This special pay should therefore be abolished.

The table in sub-paragraph (i) above shows that although there has been some growth in the strength of the force, the growth has not been remarkable. All the same, we recommend that the strength should be reduced to the 1924-25 level. Our recommendation will automatically involve the abolition of the part-time post, created with effect from May 1930, of an Inspecting and Advisory Officer on a special pay of Rs. 150 per mensem. We may also draw attention to the fact that in 1930-31 this special pay was Rs. 100 per mensem. The strength of the amalgamated police force to-day is exactly the same as in 1922-1923. No really important advisory problems relating to establishments could therefore have arisen to justify the creation of this post in 1930-31 and we consider that it can safely be abolished. We have given due weight to the arguments adduced in the department's reply to our questionnaire [*vide* sub-paragraph (i) above.] But the case appears to us to be very weak indeed. The fact that in this case the expenditure is recovered from the local funds, His Exalted Highness the Nizam's Government and the railway companies should

* *Vide* Chapter XIV, page 175.

CHAPTER IX.

BANGALORE.

(1) *Introductory.*—This “area” consists of the Civil and Military Station of Bangalore situated on a plateau with a salubrious climate (area about 13 square miles and population including 9,163 troops 134,113). It is an “Assigned Tract” under British administration through the Resident in Mysore; the city of Bangalore lying to the west of the Station is under the Mysore State. The Residency staff is responsible for “general administration”. The other departments Police, Railway Police, Education, Medical, Public Health, Land Revenue, Excise, Stamps, Registration, Justice, Jails, Agriculture, Veterinary, etc.,—have, broadly speaking, their own special staffs.

(2) *Explanation of the grant.*—The “area” grant is 18·25 lakhs. Excluding the provisions for the payment to the Mysore Durbar of their three-fourths share of the previous year’s surplus revenues and excluding the reductions proposed in the “area” demand in the 1931-32 budget, the net estimated expenditure is 14·76 lakhs. Out of the total estimated revenues of 13·39 lakhs, the revenues creditable to the “Assigned Tract” amount to 13·10 lakhs. The difference of 1·66 lakhs between the estimated revenues and expenditure in 1931-32 will have to be met from the accumulated surpluses amounting to 3·43 lakhs of previous years.

The following extract from Mr. Juke’s Review describes the arrangement reached in 1924-25 with the Mysore Durbar for the disposal of the surplus revenues of the “Assigned Tract” :—

“On the rendition of Mysore in 1881, the tract known as the Civil and Military Station of Bangalore was assigned by the Maharaja of Mysore free of charge to Government for exclusive management and in full jurisdiction. In the year 1924-25, an arrangement was reached for the determination and disposal of the surplus revenue of this Assigned Tract. Under this arrangement the sum of 13 lakhs is taken as a “datum line” representing the normal annual expenditure of the Tract. If revenue in excess of this sum is received in any year, the surplus is divided between the Tract and the Durbar in the proportion of one-fourth to the Tract and three-fourths to Mysore. The “datum line” of 13 lakhs is open to reconsideration on the expiry of a term of ten years commencing from 1924-25. To ensure the due fulfilment of the arrangement, regular *pro forma* accounts of the revenue and the expenditure of the Tract are maintained. These accounts differ in certain respects from the accounts of financial transactions in Bangalore which appear in the general books of Government and are reproduced in the book of Demands for Grants.”

We may add that the one-fourth share of the Tract is accumulated, if necessary, to meet the cost of improvements in the Tract.

(3) *Expenditure and its progress.*—The entire expenditure is non-voted. The most important heads are General Administration, Administration of

Justice, Police, Education, Medical and Public Health. Bangalore has also to share the cost of the Residency establishment. The net estimated expenditure in 1931-32 is 14·76 lakhs and excluding Income tax and Audit 14·16 lakhs. In 1924-25 the demand included expenditure on account of Taxes on Income, Audit and Refunds ; these items have since been separated and are shown in the respective subject demands and are controlled by the departments concerned. The following table shows the variation of expenditure (excluding these items) during the period 1924-25 to 1931-32 under each Head of Account :—

Head of Account.	1924-25 Actuals.	1931-32 Budget estimate.	Difference.
Account I—Police	2,83,692	3,25,300	+41,608
Account II—Education	3,27,180	4,53,200	+1,26,020
Account III—Medical and Public Health	6,46,543	3,38,500	—3,08,043
Account IV—Other Expenditure heads ..	2,44,418	2,99,000	+54,582
Total ..	15,01,833	14,16,000	—85,833

About half of the increase of ·42 in Account I—Police was caused by a mere accounting change. Recoveries from the local municipality in respect of motor vehicles and hackney carriage establishments and the motor fire engine are now credited as receipts instead of being taken in reduction of expenditure. The remaining half of the increase was due to additional police establishment and the variations in the scale of pay.

Account II.—Enhancement of the building and furniture grants, variations in the scales of pay, repairs to buildings and inauguration of the five-year programme of educational expansion in all centrally administered areas are the factors responsible for the growth of expenditure under Education.

The decrease of expenditure on Account III is only nominal. The 1924-25 figures included two abnormal items, *viz.*, 3·18 lakhs for the housing of the poorer classes of the station on account of the outbreak of plague and of ·18 lakh for the reconstruction of the main roads. Besides, the cost of the plague establishment is now wholly borne by the local Municipality.

The bulk of the increase of ·55 in Account IV represents the payment of the cost price of country liquor, etc., supplied by the liquor contractor. This increase, however, is nominal, since the price which used to be paid from the sales to the public is now treated as expenditure and Excise revenue is being shown gross and not net. The other contributing factors are of minor importance.

(4) *Revenue.*—Mr. Juke's Review gives the *pro forma* figures for the years 1924-25 to 1929-30 for both revenue and expenditure. We have not got any information about the revenue and expenditure for subsequent years on the same system. In 1931-32 the revenues are estimated to amount to 13·39 lakhs of which 13·10 would be credited to the Assigned Tract. In previous years the average revenues amounted to about 16½ lakhs. By far the biggest head of revenue is Excise which in 1924-25 yielded nearly 14½ lakhs and, in spite of the considerable fall which has taken place since then, is expected to

produce nearly 12 lakhs in the current year. Taxes on Income and Stamps are the only two other considerable sources of revenue.

(5) *Reason for exclusion from our review.*—Since the share of surplus revenues left over after the payment to the Mysore Durbar of the share due to that Durbar is spent exclusively on the Tract itself, central revenues are not eventually affected. It is true that a scrutiny of the expenditure of Bangalore would be useful from the point of view of the people of that Station as well as that of Mysore Durbar. But we have interpreted our reference to mean a review of central expenditure likely to benefit the average all-India taxpayer. Since this cannot be the result of any scrutiny undertaken by us, we have considered it unnecessary to review the expenditure of Bangalore.

(6) *Contribution from Bangalore.*—As regards the contribution of the Assigned Tract towards the cost of the Mysore Residency and our proposals on this question, we invite attention to paragraph 10 (b) of the portion relating to Mysore Residency in Chapter XII.

CHAPTER X.

WESTERN INDIA STATES AGENCY.

(1) *Historical*.—When the Inchcape Committee reported, the 377 States and estates in Western India (i.e., Cutch, Kathiawar, Banaskantha, Mahikantha, Rewakantha, etc.) were under the political control of the Bombay Government as Agents for the Government of India, who bore the expenditure. It had been proposed that in pursuance of the Reforms all the major States and the whole of Kathiawar should be brought into direct relations with the Government of India, but the matter was still under consideration. In October 1924, the Western India States Agency was created and direct relations between certain States and the Government of India were established.

There used to be six political agencies, viz., one for Cutch, four in Kathiawar under an Agent to the Governor and one for Banaskantha at Palanpur; their number was reduced to three and the Political Agent for Banaskantha was placed under the Agent to the Governor-General. The important point to note is that the "salute" States in this Agency which up to 1924 had to deal with three intermediate links (viz., the Political Agent, the Agent to the Governor of Bombay and the Local Government of Bombay) were left with only one link (viz., the Agent to the Governor-General) with effect from October 1924.

(2) *Organisation*.—The Agency is under an Agent to the Governor-General and comprises Cutch and the States of Kathiawar and of Banaskantha. All the bigger, i.e., the "salute" States, of which there are seventeen, deal directly with the Agent to the Governor-General. The remainder numbering 184, have their relations, in the first instance, with the Political Agencies of Western Kathiawar, Eastern Kathiawar and Banaskantha all of which are subordinate to the Agent to the Governor-General. Seventy-one of them exercise varying degrees of jurisdiction and the rest are non-judicial; the latter are grouped under *thanas*.

Rajkot civil station is the headquarters and is under the administrative control of an Additional District Magistrate, who is also Under-Secretary to the Agent to the Governor-General.

The following officers are employed in this Agency:—

- (i) An Agent to the Governor-General on Rs. 4,000 with a sumptuary allowance of Rs. 250 per mensem.
- (ii) A Secretary and an Under-Secretary.
- (iii) Three political agents, one each for Banaskantha, Eastern Kathiawar, and Western Kathiawar.
- (iv) A number of political officers of the status of officers of the "provincial" services. A few of them do judicial work; the others are employed on work similar to that of officers of the provincial executive services in the major provinces.
- (v) A Residency Surgeon who also works as Chief Medical Officer and gets a special pay of Rs. 250 per mensem for such duty. He also gets Rs. 75 per mensem for the supervision of thana dispensaries and Rs. 100 per mensem for the medical charge of the Rajkumar College at Rajkot.

- (vi) A Deputy Inspector-General of Police (pay on the I. P. S. scale *plus* a special pay of Rs. 250 per mensem), an Assistant Superintendent of Police (with a special pay of Rs. 150 per mensem) and three Deputy Superintendents of Police (with a special pay of Rs. 100 each).
- (vii) A Judicial Commissioner (on Rs. 3,000 *plus* overseas pay) who works as such for Ajmer Merwara and "Rajputana" also; a District and Sessions Judge and a Civil Subordinate Judge.
- (viii) An Executive Engineer.

(3) *Special Functions*.—Besides conducting the usual political relations with the "non-salute" States in their charge the political agents in this Agency have to supervise the actual administration of a very large number of small States and Estates, their duties in this respect being analogous to those of petty district officers. In addition, the exercise of "residuary jurisdiction" in petty chiefships with limited powers involves judicial work, civil and criminal, original and appellate.

(4) *Expenditure*.—The total expenditure in 1913-14 on the Kathiawar, Cutch and Palanpur agencies which now constitute the Western India States Agency was 5.97 lakhs. But this figure does not include certain heads of expenditure, which are included in the figures for 1924-25 *et seq.* Hence a true comparison is not possible except from 1924-25.

The following table shows the growth of expenditure since 1924-25. The area is only a political agency and not a minor administration. Hence no distinction has been made between "central" and "provincial" subjects.

	1924-25	1925-26	1926-27	1927-28	1928-29	1929-30	1930-31	1931-32
A.—Political ..	6.20	6.19	6.05	7.22	7.25	7.29	7.33	7.15
B.—Police ..	7.62	5.73	5.82	5.51	5.90	6.00	5.95	5.90
C.—Public Health ..	.03	.08	.08	.08	.08	.08	.09	.09
D.—Stamps ..	.02	.03	.02	.01	.01	.01	.01	.01
E.—Ecclesiastical ..	..	..	.03	.03	.03	.02	.03	.03
F.—Education ..	..	.08	.11	.24	.26	.19	.19	.18
Famine Relief ..	..	..	.06	..	..	..	..	..
Total (<i>minus</i> Excise)..	13.87	12.11	12.17	13.09	13.53	13.59	13.60	13.26
G.—Excise ..	..	..	..	..	2.39	2.85	3.49	3.47
Total of A to G ..	13.87	12.11	12.17	13.09	15.92	17.44	17.09	16.83

Apart from the above heads which appear in the 'area' demand the following expenditure is included in other demands :—

Taxes on Income ..	..	.01	.01	.01	..	..	..	..
Salt ..	..	.13	.13	.13	.12	.13	.13	.13
Opium ..	..	.31	.32	.31	.31	.31	.31	.31
Currency ..	..	.06	.09	.03	.02	.04	.04	.04
Civil Works ..	..	.37	1.56	2.04	1.61	1.45	2.94	2.74
..	..	.88	2.11	2.52	2.06	1.93	3.42	3.22
Grand Total ..	13.87	12.99	14.28	15.61	17.98	19.37	20.51	20.05

We may now proceed to explain these sub-heads.

(A) Political.

In this Agency residuary jurisdiction is exercised by the Government of India on behalf of a large number of small States and Estates. Hence administration is somewhat more expensive than in other agencies where similar conditions do not exist, at any rate to the same extent. The head "Political" includes, besides political expenditure proper, the cost of "Judicial", "Medical" and Public Works establishment.

Expenditure.

	1924-25	1925-26	1926-27	1927-28	1928-29	1929-30	1930-31	1931-32
Pay of Officers ..	3·05	3·04	2·93	3·00	3·24	3·13	3·02	3·29
Pay of Establishment	3·12	3·27	3·42	3·60	3·59	3·77	3·90	4·03
Allowances, etc. ..	·91	·68	·92	·91	·91	1·11	·93	·98
Supplies and Services	·52	·63	·51	·57	·58	·61	·85	·63
Contingencies ..	·72	·51	·42	·58	·44	·52	·61	·50
Grants-in-aid, etc. ..	·06	·09	·01	·01	·07	·08	·07	·07
Works ..	..	..	..	..	..	..	·25	..
Miscellaneous ..	..	..	..	..	..	..	..	·06
Deduct Recoveries ..	-2·18	-2·03	-2·17	-1·44	-1·58	-1·94	-2·30	-2·41
	6·20	6·19	6·04	7·23	7·25	7·28	7·33	7·15

The Judicial Commissioner's salary is debited in whole to the estimates of this Agency, although he is Judicial Commissioner for Ajmer-Merwara and "Rajputana" as well. The cost of the Executive Engineer is recovered from local funds. A set-off against establishment charges amounting to Rs. 2·00 lakhs on account of pay and ·63 on account of leave and pensionary charges is made by recoveries from the various local funds.* Apart from the house-rent allowance of Rs. 22,900 of which Rs. 9,336 is recovered from local funds, the chief items of expenditure under the head "Allowances and Honoraria" are fixed and fluctuating travelling allowances. The head "Supplies and Services" amounting to Rs. 62,900 includes the expenditure of Rs. 26,700 on "Diet and Road Money to Witnesses".

Medical expenditure for the current year amounts to 1·34 lakhs, but from this figure recoveries amounting to Rs. 37,028 and receipts credited under the head "XIII—Medical" Rs. 6,000 have to be deducted. The net expenditure debitable to central revenues is therefore Rs. 91,178. The bulk of this expenditure is made up as follows :—

Cost of Chief Medical Officer	..	..	..	..	..	..	·18
Cost of West Hospital, Rajkot	..	..	..	..	..	..	·50
Cost of Scott Hospital, Palanpur	..	..	..	..	..	..	·10
Cost of Wadhwan C. S. Dispensary	..	..	..	..	..	..	·08
Subvention towards pensions	..	..	..	..	..	..	·05
							·91

* Recoveries for leave and pensionary contribution are credited as revenue, while those on account of pay are treated as deduction from expenditure.

Except for the pensionary charges *thanas* pay in full for the dispensaries and sub-medical officers maintained for their benefit. Medical expenditure is not primarily incurred for the benefit of the States, though the hospitals and dispensaries are utilised by the subjects of the smaller States. On the other hand, the buildings and equipment of the hospitals, especially of the West Hospital at Rajkot, have to a large extent been paid for by contributions received from the various States in the Agency.

The creation of the post of Under-Secretary has involved an additional expenditure of Rs. 9,500, while a temporary post of Assistant Political Agent, Kathiawar, involving an extra expenditure of Rs. 13,200 was sanctioned for two years with effect from 1st April 1930. Additional staff and the taking over of the Wadhwan Station Dispensary have also caused an increase in expenditure. The provision of Rs. 6,000 under "Miscellaneous" is merely an accounting entry, and represents the refund to the Army Department of customs duty on imported stores used by Indian States Forces.

B. Police.—The expenditure on police has been as follows :—

	1924- 25.	1925- 26.	1926- 27.	1927- 28.	1928- 29.	1929- 30.	1930- 31.	1931- 32.
Pay of Officers . . . . .	.39	.43	.44	.42	.46	.47	.46	.55
Pay of Establishment and Police Force	5.74	4.14	4.09	4.22	4.33	4.37	4.47	4.45
Allowances, etc.	1.53	1.29	1.24	1.25	1.25	1.31	1.33	1.34
Supplies and Services and Contingencies	.73	.70	.56	.64	.57	.56	.58	.45
Establishment charges paid to the local Government . . . . .	.82	.06	.07	.03	.03	..	..	..
Grants-in-aid, etc. . . . .	..	..	.01	.02	.01	.01	.01	.01
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	9.21	6.62	6.41	6.58	6.65	6.72	6.85	6.80
Deduct cost of additional police	—1.60	— .89	— .59	—1.07	— .74	— .73	— .90	— .90
Total	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	7.61	5.73	5.82	5.51	5.91	5.99	5.95	5.90

For comparison these figures need extensive adjustment and explanation.

In 1924-25, the police charges of Mahi-Kantha and Rewa-Kantha Agencies (amounting approximately to 1.53 lakhs) were wrongly debited to this head. On the other hand, there were some arrear recoveries in 1924-25 on account of the police supplied to railways. The abolition of the police in Cutch on the abolition of the Cutch Political Agency led to some reduction of expenditure which, however, has been swallowed up by increase elsewhere.

The explanation necessary for a true grasp of the nature of this outlay and its growth is mainly historical. Between 1871 and 1881, the Baroda Darbar in accordance with treaty stipulations maintained the Gaekwar contingent—a body of 3,000 cavalry—for the maintenance of order in Kathiawar and in the agency tracts in Gujerat. In 1881, this force was abolished and Baroda agreed to pay instead a sum of Rs. 3½ lakhs out of the tribute collected by Government on behalf of Baroda. In 1886, the subsidy was distributed among the Kathiawar, Mahi-Kantha, Palanpur and Rewa-Kantha Agencies, their respective shares being 1.60, 1.10, .70 and .35 lakhs.

The sum of 1-60 mentioned above for Kathiawar together with Rs. 15,312 on account of *chowth* recovered from Junagarh was definitely set aside to meet the cost of the reorganized Kathiawar Agency Police Force which took the place not only of the Gaekwar contingent but also of the existing Imperial Police and local police forces maintained in the various *thanas*. This force was reorganised and strengthened from time to time as circumstances demanded. Apart from the usual reasons the growth of expenditure on its account was due, partly to the assumption of increased duties consequent on the opening of railways in Kathiawar and partly to the growth of the Civil Stations. The Government of India only recover from Railway-owning States, (Bhavnagar, Junagarh, Gondal, Porbandar, Morvi, Jamnagar and Baroda) the cost of the Police employed on such Railways as were opened before 1905. The Rajkot and Wadhwan Civil Station Local Funds were relieved in 1922 of the duty of maintaining their Police forces. It will, however, be seen that the gross or the net expenditure on Police has not grown much since 1925-26.

It thus appears that from the sum of 5-90, which is the total nominal cost of the Agency Police, the following deductions should be made before the true cost, which the British-Indian taxpayer has to pay for the maintenance of law and order in this Agency, can be arrived at:—

(1) Share of Gaekwar's subsidy for Kathiawar	1-60	} 2-45
(2) Share of Gaekwar's subsidy for Palanpur . . . . .	.70
(3) Junagarh <i>Chowth</i> . . . . .	.15

As regards the cost of policing the Rajkot and Wadhwan Civil Stations which are "administered" areas held on lease, the department's view is that it should be treated as if it was tantamount to the cost of policing regular British-Indian territory. In the case of Railways opened since 1905 its view is the same. We do not agree that these items should be excluded. We may cite the case of Aurangabad where too police expenditure is no longer recovered from the Local Fund. It is, however, a burden on the British-Indian taxpayer in general. Similarly, the fact that the Agency exercises jurisdiction over railway lands does not make them British Indian territory or British area. We thus conclude that the net cost of Police to the British-Indian taxpayer is 3-45 lakhs.

C.—*Public Health*.—Prior to the formation of the Agency, Public Health expenditure had been debited to Bombay provincial revenues. On the assumption of direct relations it became necessary to provide for this expenditure in the Budget of this Agency from 1925-26 onwards. This accounts for the increase.

D.—*Stamps*.—In 1924-25, there was some expenditure but it was not shown in the estimates for this agency but under Stamps. In the table, however, we have shown the adjusted figures.

E.—*Ecclesiastical Rs. 3,000*.—This is partly a new charge incurred in 1926-27, for the first time and partly a transfer of expenditure from the head "Political" in the Agency budget in connection with the care of certain cemeteries in the Agency.

F.—*Education*.—Expenditure on education in 1924-25 was shown in the "subject" demand, and amounted to Rs. 3,000 only. The growth is largely a consequence of the five-year programme.

G.—*Excise*.—The excise arrangements, for which the Government of Bombay were responsible, were transferred to the control of the Agent to the Governor-General with effect from 1st October 1928. Against the expenditure on account of the cost of opium purchased from the Opium Department there are receipts when the opium is sold to the States and Talukas in the Agency; the anticipated receipts on this account during the current financial year amount to 3·82 lakhs.

(5) *Inchape Committee's proposals*.—This Committee recommended that if the States were to have direct relations with the Government of India, "the possibility of uniting Baroda, Kathiawar, Cutch, Mahikantha and Palanpur* under a single Agent to the Governor-General with a view to effecting economies in establishment sufficient to reduce the expenditure to the 1913-14 level" should be explored, and that meanwhile a reduction of at least 1·75 lakhs in the total political budget for Bombay Presidency (excluding Aden) should be effected in 1923-24. It is not known what portion of this reduction was to be in the budgets of the agencies which now constitute the W. I. S. Agency, but presumably most of it was intended to be made in these budgets. (It is the only case in which that Committee recommended a major change of policy.)

(6) *Departmental offer*.—The department provisionally offered a saving of 1·68 lakhs on the total budget of 16·83 lakhs. The offer was informal and details were promised later. The information subsequently furnished has been reproduced below :—

	Lakhs.
	Rs.
(1) Under 'Political'—	
(i) Abolition of 2 posts of Assistant and Deputy Political Agents	·190
(ii) 15 per cent. reduction in ministerial and menial charges	·270
(iii) Reduction in medical charges	·180
(iv) Reduction in allowances, contingencies, etc.	·142
(2) Under 'Police'—	
Reduction in allowances and Supplies and Services	·135
(3) Under 'Public Health'	·010
(4) Under 'Ecclesiastical'	·015
(5) Under 'Stamps'	·005
(6) Under 'Education'	·020
(7) Under 'Excise'	1·050
	2·017

* Meaning presumably Banaskantha Agency and not merely Palanpur State. Palanpur town was and still is the headquarters of the Banaskantha Agency.

We are unable to say whether any part of the reduction of 1·05 offered under Excise is on account of any reduction of excise establishments or of other heads of genuine expenditure and we presume that the whole of it is on account of the cost of opium purchased for supply to States and Estates. If this assumption be correct, the department's offer amounts, in effect, to a genuine reduction of expenditure by only ·97.

(7) *Our proposals.*—We find that expenditure has grown from 12·11 in 1925-26* to 17·09 in 1930-31 and 16·83 in 1931-32, *i.e.*, by nearly 40 per cent. If expenditure incurred under other heads than the area demand is included, the growth of expenditure is even larger, *viz.*, from 12·99 in 1925-26 to 20·51 in 1930-31 and 20·05 in 1931-32, *i.e.*, by a little under 60 per cent. One of the main avowed reasons for bringing the States of Cutch, Kathiawar and Banas-kantha into direct relations with the Government of India was to reduce expenditure, and it was on this specific ground that the Inchcape Committee recommended that "the possibility of uniting Baroda, Kathiawar, Cutch, Mahikantha and Palanpur under an Agent to the Governor-General be explored with a view to effecting economies in establishment sufficient to reduce the expenditure to the pre-war level". That Committee further proposed a budget of eight lakhs for political expenditure in the whole of Bombay Presidency, *i.e.*, for this agency and also for the Mahikantha, Southern Mah-ratta and some minor agencies. Even if the reduction proposed by it were to be distributed *pro rata*, and not be reserved exclusively for the Agencies now represented by and constituting the Western India States Agency (see paragraph 5), the 1922-23 budget of 5·97 lakhs for those agencies would be reduced to 4·90. Even if some allowance were to be made for a proportion-ate share of the provisions for "Miscellaneous" and "Envoys, State Refugees, etc.", the budget contemplated by that Committee for the Western India States Agency would be only about 5½ lakhs. Instead we find that this one Agency alone is now costing nearly 7·15 lakhs. We are aware that these figures are not strictly comparable, but after making allowances we consider that it should be feasible to effect a permanent saving of 3½ lakhs in the budget of this agency, including the reduction of 1·05 proposed by the depart-ment in the provision for Excise. In the absence of the necessary informa-tion we are unable to suggest specific directions along which the expenditure can be reduced; we are therefore compelled to leave it to the department to work out its scheme. We may, however, indicate a few broad lines.

(i) The post of Under-Secretary is a recent creation and might be abolished.

(ii) One post of a Political Agent might perhaps be abolished. Now that Palanpur and Radhanpur States deal direct with the Agent to the Governor-General, Banas-kantha Agency has very light work. The Political Agent for Western Kathiawar has his headquarters at Rajkot itself. These two facts offer an obviously suitable field for investigation with a view to retrenchment. We think it feasible to effect economy by extending the jurisdiction of the Political Agent for Eastern Kathiawar to a part of Banas-kantha, or alternatively, by giving Banas-kantha work to Mahikantha.

* The figures for this year have been taken, as the Agency was established in its present form in October 1924.

(iii) The Police Force appears to us to be over-officered. The Mahikantha police force of over 350 men has only a Deputy Superintendent assisted by an Inspector at its head. We, therefore, think that it should be possible to reduce the number of officers for the Western India States Agency police from 5 to at the most 3. We suggest that the Assistant Superintendent's and one of the three Deputy Superintendent's posts should be abolished.

(iv) The status of the principal Police Officer should be reduced to that of a District Superintendent, saving Rs. 250 per mensem on account of his special pay.

(v) Similarly even if the Assistant Superintendent's post is retained his special pay* of Rs. 150 per mensem as also the special pay* of Rs. 100 to the Deputy Superintendents should be abolished.

(vi) Consistently with the line taken by us in the case of Central India, Rajputana, Delhi, etc., the special pay of Rs. 250 to the Residency Surgeon for his duty as Chief Medical Officer and the allowance of Rs. 75 for the supervision of *thana* dispensaries should be abolished. The Residency Surgeon's post would still continue to be a coveted one on account of the opportunities for lucrative private practice among the States which would still continue to be available.

(vii) We may, however, add that the grants from central revenues for Education and Public Health are already very meagre (Public Health Rs. 9,000 and Education Rs. 18,000) and therefore in our opinion no reduction of these grants should be effected. We are not prepared to support the department's offer of Rs. 3,000 under these heads.

(viii) A share, say one-half or one-third, of the cost of the Judicial Commissioner should be debited to Ajmer-Merwara; even if the post cannot be abolished, its reduction to the I. C. S. scale *plus* a special pay should be considered. It should be thrown open to officers of the provincial judicial services and to the bar. We may add that the Judicial Commissioner of Sind is an officer drawn from the bar.

(ix) The status of the Engineer might be reduced to that of a District Engineer. His pay is in fact recovered from local funds. We understand that his duties are not as onerous as those of the average Executive Engineer.

(x) Reduction of establishments in excess of that proposed by the Department (*vide* paragraph 6) appears to us to be practicable, but we cannot suggest a detailed scheme of reduction, since we do not know the relationship between expenditure from central revenues and from local funds.

(xi) The reduction we propose will leave the budget of this Agency under all "area" heads other than Excise at a little over 10 lakhs. Though this is 2 lakhs below the 1925-26 budget for the same heads, it compares very favourably with the budget proposed by the Inchcape Committee.

* These special pays to police officers appear to have been granted with effect from 1923-24.

(vii) Further, we presume that against any decrease in the provision for the purchase of opium there will be a corresponding, though perhaps not equivalent, fall in Excise receipts. Under the circumstances we are content to accept the department's offer to reduce the expenditure for 1931-32 by 1.05 lakhs.

(8) *Summary of savings.*—3.25 lakhs including 1.05 lakhs under Excise.

CHAPTER XI.
POLITICAL—"NON-AREA".

INTRODUCTION.

(1) *Explanation of grant.*—The expenditure classified as "Political" is of a very heterogeneous character. Besides expenditure on the maintenance of Residencies and Political Agencies at the courts of or in connection with the Indian States, it includes (a) diplomatic and consular charges in Persia, Arabia, Afghanistan, Eastern Turkestan, Tibet, Aden and elsewhere, (b) charges for organising the Indian States Forces, (c) the cost of the Malwa and the Mewar Bhil Corps, (d) in some of the frontier areas, expenditure which in the provinces would be classified as the cost of General Administration and (e) miscellaneous expenditure, e.g., on subsidies, trade agencies, refugees and State prisoners, educational institutions for Princes and Chiefs, etc.

Political expenditure relating to the various "Central" areas is shown in the respective "area" grants and has been dealt with under those grants. The rest of the political expenditure of the Government of India, i.e., expenditure on political agencies in some of the Indian States, charges on account of diplomatic and consular services in Arabia, Persia and Afghanistan, the Aden political agency and certain trade consulates, charges for organising the Indian States Forces, expenditure on the Malwa and Mewar Bhil Corps and certain classes of miscellaneous political expenditure is provided for in a "non-area" grant of 97·97 lakhs. We shall deal with this expenditure in chapters XII to XXIII.

(2) *Progress of expenditure.*—The following tables show the progress of political expenditure: (A) total political (i.e., "area" and "non-area"), and total Frontier Watch and Ward expenditure and (B) non-area political expenditure.

TABLE A.

Total expenditure ("area" and "non-area") under Political and Frontier Watch and Ward.

	1924- 25.	1925- 26.	1926- 27.	1927- 28.	1928- 29.	1929- 30.	1930- 31.	1931- 32.
<i>Expenditure in India Present Head "Political".</i>								
Political Agents ..	74·14	72·53	75·43	82·51	82·28	82·18	90·52	86·75
Allowances to tribes	8·45	8·15	8·03	8·47	8·25	8·42	8·41	8·39
Diplomatic and Consular services in Persia.	14·48	16·61	9·23	9·23	10·32	9·19	8·74	8·88
Political subsidies ..	4·18	4·17	4·18	4·22	4·50	4·52	4·50	4·50
Entertainment charges	4·88	6·18	5·29	5·68	5·38	5·12	6·93	5·02
Refugees and State prisoners.	4·16	4·37	3·75	3·70	3·60	4·08	3·57	3·42
Special political expenditure.	10·00	10·17	10·04	10·64	10·00	10·05	49·89	10·00
Indian States Forces	4·61	5·10	5·71	5·76	5·97	5·91	6·00	6·47
Lighting and buoying of the Persian Gulf.	3·13	·46	—·15	..	..	..	..	..
South Persia Military Police.	·05	·24	—·02	·01	..	..	..	..
Miscellaneous Works ..	15·38	16·02	12·65	15·39	11·39	14·15	14·32	14·52
	·50	·38	2·56	1·33	2·43	3·18	3·60	4·18
Total ..	143·96	144·38	136·70	146·94	144·12	146·80	196·48	152·13

<i>Present Head "Frontier Watch and Ward".</i>	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
Frontier Constabulary and Militia.	183·27	190·12	189·98	191·11	187·39	190·93	198·03	191·80
Other charges, excluding Works.	7·04	8·94	12·09	9·65	7·52	7·52	8·56	7·92
Works	*	*	*	47·94	58·30	69·94	71·16	52·63
	190·31	199·06	202·07	248·70	253·21	268·39	†277·75	252·35
<i>Expenditure in England.</i>								
Political	11·15	14·37	14·42	10·81	14·16	15·10	11·88	12·76
Frontier Watch and Ward.	..	..	..	·98	1·17	·95	·80	1·10
Deduct—Recoveries from the Foreign Office.	—9·22	..	—4·72	..	..	..	..	..
Total	336·20	357·81	348·47	407·43	412·66	431·24	486·91	418·34

* In these years, Frontier Watch and Ward works expenditure was mixed up with other civil works expenditure and cannot be separated.

† This is 1·00 lakh higher than the figures adopted by Finance Department, due presumably to the fact that a cut of that amount for probable savings has been left out from the estimates.

TABLE B.
"Non-area" Political Expenditure.

	1924-25.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
<i>Account I.—Political Agents.</i>							
A.—Aden	4·98	5·29	6·86	4·50	4·21	5·08	4·88
B.—Other Agencies and Residences.	26·14	29·86	29·70	31·39	31·60	32·57	32·41
C.—Deduct charges recovered from Other Governments, Indian States, etc.	—2·13	—2·54	—2·60	—2·26	—·71	—·72	—·69
<i>Account II.—Other expenditure heads.</i>							
A.—Charges on N.-W. Frontier (Allowances to Dera Ghazi Khan tribes).	·13	·13	·13	·13	·13	·13	·13
B.—Charges on N.-E. Frontier	1·04	1·19	1·09	1·11	1·07	1·12	1·12
C.—Charges on account of diplomatic and consular services in Persia.	14·48	9·23	9·23	10·32	9·19	8·73	8·59
D.—Other diplomatic charges	4·84	4·98	6·31	5·59	3·00	4·07	4·04
E.—Political subsidies	3·06	3·06	3·09	3·07	3·09	3·07	3·07
F.—Entertainment charges	·83	·88	1·46	1·11	·41	·38	·40
G.—Refugees and State Prisoners.	3·19	3·48	3·39	3·29	3·57	3·21	3·15
H.—Special Political expenditure.	10·00	10·04	10·64	10·00	10·05	49·89	10·00
I.—Indian States Forces	4·61	5·71	5·76	5·97	5·91	6·00	6·44
J.—Works	·56	2·31	1·33	1·68	2·99	3·57	4·18
K.—Miscellaneous	14·00	7·48	10·91	6·85	9·39	8·25	7·49
Lighting and buoying in Persian Gulf.	3·13	—·15	..	..	..	..	..
<i>Account III.</i>							
A.—Expenditure in England.. .. .	*	7·24	10·74	14·13	14·87	11·73	12·76
B.—Loss or gain by Exchange	*	2·46	·04	·03	·11	·15	..
Total	88·86	90·65	98·08	96·91	98·88	137·23	97·97

* Separate figures not available.

We may perhaps explain that prior to 1927-28 "Political" expenditure used to include expenditure relating to Burma and Assam which is now being shown under the head "Frontier Watch and Ward". For the presentation of comparable figures, "Watch and Ward" expenditure has been shown separately in Table A, the totals of which can claim to present as accurate a picture of the growth of expenditure as the radical accounting changes mentioned above would permit.

It is also necessary to explain that the total figures of political expenditure include provisions for payments in England, whether they refer to stores, or sterling overseas pay, deputation and leave pay or payments to His Majesty's Government.

(3) *Differentiation between "Foreign" and "Political"*.—The entire expenditure classed as Political in addition to other expenditure in the central areas with the exception of Delhi and Andaman and Nicobar islands is under the control of the Foreign and Political Department. "Political" (including Frontier Watch and Ward) expenditure forms about 64 per cent. of the total budget under the department's control.

The Foreign and Political Department has a staff of one Secretary and one Deputy Secretary for each of its two main sections, viz., (a) Foreign and (b) Political. It has also two Under Secretaries and two Assistant Secretaries. The Department functions as one whole under the direct charge of the Governor-General and Viceroy. For administrative convenience its work is transacted in sections, but owing to the reactions of foreign and political policies on each other it is considered inexpedient to cut it into two separate departments. Subject to this explanation it may be stated that the Foreign Section of the department deals with diplomatic, political and trade relations on or beyond the frontiers of India and the administration of central areas on the Frontier, whereas the Political Section deals with political relations with the Indian States and the administration of certain central areas not situated on the frontier. (Two central areas, viz., Delhi and Andamans are under the Home Department.) But there are some exceptions. The following statement shows which section is in charge of the various classes of the work of the Foreign and Political Department :—

- (I) *Foreign*.—(i) North-West Frontier Province and Baluchistan—i.e., administration, Watch and Ward and political relations within these minor administrations—and the Kashmir frontier.
 (ii) Frontier Watch and Ward in Burma and Assam,
 (iii) Aden, Persia, Arabia, Afghanistan, Nepal, Tibet, Bhutan, and
 (iv) the consulates, etc., beyond the frontier.
- (II) *Political*.—(i) The Indian States comprised in the Indian Empire including Kashmir.

(Note.—The Political Agency at Gilgit in Kashmir State is subordinate to the Residency at Kashmir.)

- (ii) the administration of certain central areas, viz., Ajmer-Merwara, the Civil and Military Station of Bangalore and "central" or "administered" areas in Rajputana, Central India, Hyderabad,

Western India States Agency and other Residencies and Political Agencies,

- (iii) the organisation of Indian States Forces,
- (iv) Mewar and Malwa Bhil Corps,
- (v) Excise compensations to States, and
- (vi) Chiefs' Colleges.

(4) *Functions of Residencies and Political Agencies.*—Broadly speaking, the functions of Residencies and Political Agencies are what might be called the functions of the diplomatic and consular services. But, since the Indian States are not sovereign independent entities, occasions arise when the paramount or suzerain power has to discharge functions, not all of which are definable. Perhaps the most important and frequent case of this type is administration during minority. In several of the smaller states, jagirs, taluqas and estates the political officers have to discharge judicial and occasionally even the ordinary administrative functions on behalf of the state or estate concerned. Finally, they are charged with the administration of assigned tracts and of certain areas, which though not British-Indian territory are administered direct by the Central Government. Generally speaking, these consist of cantonments, civil stations, combined civil and military stations and railway lands. Some of them are of considerable importance, e.g., Bangalore, Secunderabad, Mount Abu. In Baluchistan the Political Agents are also Deputy Commissioners and in the latter capacity administer regular British-Indian districts. Ajmer-Merwara is also administered by officers under the control of the Foreign and Political Department, even though like Delhi it is a British-Indian "province".

(5) *The Services.*—The Political Department cadre is recruited principally from the I. C. S. and the Indian Army. To a certain extent British officers of the British Army are also recruited. For the subordinate political posts officers are recruited either direct or from the various provincial civil services. Such officers are eligible for promotion to superior posts, but such promotion is very occasional. The total sanctioned strength of the Political Department cadre including various reserves is 175, or including 6 posts under the Government of Bombay, 181. The actual strength on 2nd January 1932 against a sanctioned strength of 175 was 147 *plus* 16 officers outside the cadre *plus* some "seconded" officers. The cadre consisted of 9 Residents of the First Class (8 on Rs. 4,000 and one, *viz.*, the Chief Commissioner and the Agent to the Governor-General, North-West Frontier Province on Rs. 5,500); 9 Second Class Residents on Rs. 3,000 p. m.; 53 superior appointments on the time-scale of the Political Department, *viz.*, Rs. 500—2,250 *plus* overseas pay; and 39 inferior appointments on the same time-scale. Of the time-scale appointments two are reserved for the members of the Provincial Civil Service, North-West Frontier Province. In Appendix No. V we reproduce extracts from the Quarterly List of the Foreign and Political Department which gives some more detailed information on this point.

Besides these political appointments there are certain medical appointments under this department's control. Broadly speaking, these are filled from the cadres of the Indian Medical Service and the Indian Medical Depart-

ment. Most of these appointments are as Residency, Agency or Civil Surgeons or as Assistant Surgeons, but in exceptional cases some medical officers hold charge of jails or perform consular and diplomatic duties exclusively or in addition to their own duties.

There are a number of miscellaneous posts for the administration of Police, Justice, Jails, Revenues, Public Works Department, Education, Medical, Public Health, Ecclesiastical and similar activities. These will be described, as far as possible, in their relevant connections. Broadly speaking, the officers are borrowed from the provinces.

Although expenditure on Aden appears in the "non-area" grant (Bombay Circle of Account) in 1931-32, we observe that Aden has now appeared as one of the "areas" in the 1932-33 Detailed Estimates. We have therefore assigned a separate chapter to it.

APPENDIX V.

Strength of the Political Department Cadre.

Appointment with pay.	Number sanctioned.	Number on 1st July 1931.	Remarks.
Residents, 1st class, Rs. 4,000 (except Chief Commissioner and Agent to the Governor-General in the North-West Frontier Province) whose pay is Rs. 5,500.	9	7	These are localised appointments with fixed tenure of 5 years.
.. 2nd class, Rs. 3,000 ..	9	8	
Appointments on time-scale (Rs. 650—2,550)—			
Superior*	53	45(a)	*Excluding 3 appointments under the Government of Bombay.
Inferior†	40	32(b)	†Excluding 3 appointments under the Government of Bombay.
<i>Deduct</i> —2 appointments on time-scale (Superior or Inferior in the North-West Frontier Province) reserved for the members of the Provincial Civil Service.	2	..	
<hr/>			
Total cadre posts to be filled by officers of the Political Department.	109	92	
Deputation Reserve	18	18†	†Excluding seconded officers.
Leave Reserve	38	37	
Training Reserve	11	10	
In transit .. .. .	..	..
<hr/>			
Total Strength ..	176	157	
<hr/>			

(a) *Superior*.—The following three appointments are filled temporarily by non-Political Department Officers:—

1. Political Agent, Koweit Mily. Assistant Surgeon A. L. Greenway.
2. Consul-General, Kashgar Captain G. Sherriff, R.A.
3. Political Agent, South Waziristan Bt. Major H. H. Johnson.
4. Assistant Commissioner, Mardan *Vacant*.
5. Resident, Western Rajputana States *Vacant*.
6. Political Agent, Bundelkhand *Vacant*.
7. Consul, Kerman *Vacant*.
8. Political Agent, Chagai and Deputy Commr., Shorabad. *Vacant*.

(b) *Inferior*.—The following 6 appointments are filled temporarily by non-Political Department Officers:—

- | | | |
|--|-------|--|
| 1. Vice-Consul, Bandar Abbas | | Military Assistant Surgeon G. A. Richardson,
O.B.E. |
| 2. Vice-Consul, Mohammerah | .. .. | Mr. H. G. Jakins. |
| 3. Under Secretary to A. G. G., Baluchistan | .. .. | Lieutenant O. C. B. St. John. |
| 4. British Trade Agent, Yatung | .. .. | <i>Vacant</i> . |
| 5. Assistant Political Agent, Chitral | .. .. | Captain W. V. Crapp. |
| 6. Under Secretary, Persian Gulf | .. .. | Mr. J. Croning. |
| 7. Senior Sub-Judge, Hazara | .. .. | M. Muhammad Akbar Khan. |
| 8. Assistant Political Agent and Assistant Commr., Sibi. | .. .. | <i>Vacant</i> . |

N.B.—The normal figure of recruitment is approximately two members of the Indian Civil Service every year rising to three every third year and six military officers to be reduced by one every third year.

Resident, 1st class (9).

- | | |
|---|--|
| 1. Resident, Hyderabad. | 6. Chief Commissioner and Agent to the Governor-General, North-West Frontier Province. |
| 2. Resident in Mysore. | 7. Political Resident in the Persian Gulf. |
| 3. Agent to the Governor-General in Central India. | 8. Agent to the Governor-General in the States of Western India. |
| 4. Agent to the Governor-General, Rajputana, and Chief Commissioner, Ajmer-Merwara. | 9. Agent to the Governor-General, Punjab States. |
| 5. Agent to the Governor-General and Chief Commissioner, Baluchistan. | |

Resident, 2nd class (9).

- | | |
|---|---|
| 1. Resident at Baroda. | 6. Revenue and Judicial Commissioners, Baluchistan. |
| 2. British Envoy at the Court of Nepal. | 7. Resident in Waziristan. |
| 3. Resident in Kashmir. | 8. Resident at Gwalior. |
| 4. Judicial Commissioner, North-West Frontier Province. | 9. Agent to the Governor-General, Madras States. |
| 5. Revenue Commissioner, North-West Frontier Province. | |

Superior posts on the Political Department Cadre (53).

- | | |
|--|---|
| <i>Hyderabad (1).</i> | |
| 1. Secretary, Hyderabad. | 10. Resident, Jaipur. |
| <i>Mysore (1).</i> | |
| 2. Secretary, Mysore. | 11. Resident in Mewar, Udaipur. |
| <i>Central India (5).</i> | |
| 3. Secretary, Central India. | 12. Political Agent, Eastern Rajputana States. |
| 4. Political Agent, Baghelkhand. | 13. Commissioner, Ajmer-Merwara, Baluchistan (7). |
| 5. Political Agent, Bhopal. | 14. Secretary, Baluchistan. |
| 6. Political Agent in the Southern States of Central India and in Malwa. | 15. Political Agent, Quetta. |
| 7. Political Agent, Bundelkhand. | 16. Political Agent, Sibi. |
| <i>Rajputana (5).</i> | |
| 8. Secretary, Rajputana. | 17. Political Agent, Kalat. |
| 9. Resident, Western Rajputana States. | 18. Political Agent, Zhob. |
| | 19. Political Agent, Loralai. |
| | 20. Political Agent, Chagai. |
| | <i>N.-W. P. Province (16).</i> |
| | 21. Secretary, North-West Frontier Province. |

22. District and Sessions Judge, Peshawar.
23. District and Sessions Judge, Dera Ismail Khan.
24. Political Agent, Dir, Swat and Chitral, Malakand.
25. Senior Sub-Judge, Peshawar.
26. Additional District and Sessions Judge, Peshawar and Hazara.
27. Political Agent, Khyber.
28. Political Agent, Kurram.
29. Political Agent, North Waziristan.
30. Political Agent, South Waziristan.
31. Deputy Commissioner, Peshawar.
32. Assistant Commissioner, Mardan.
33. Deputy Commissioner, Hazara.
34. Deputy Commissioner, Kohat.
35. Deputy Commissioner, Bannu.
36. Deputy Commissioner, Dera Ismail Khan.

Persian Gulf (5).

37. Secretary, Persian Gulf.
38. Consul, Kerman.
39. Political Agent, Muscat.
40. Political Agent, Koweit.
41. Political Agent, Bahrein.

States in Western India (4).

42. Political Agent, Banas Kantha Agency.
43. Political Agent, Western Kathiawar Agency.
44. Political Agent, Eastern Kathiawar Agency.
45. Secretary to the Agent to the Governor-General in the States of Western India.

Punjab States (1).

46. Secretary to the Agent to the Governor-General, Punjab States.

Gilgit (1).

47. Political Agent, Gilgit.

Khorasan (1).

48. Consul-General, Khorasan.

Sistan (1).

49. Consul, Sistan.

Sikkim (1).

50. Political Officer, Sikkim.

Kashgar (1).

51. Consul-General, Kashgar.

Foreign and Political Department (2).

- 52 & 53. Two Deputy Secretaries.

Superior posts on the Political Department Sub-cadre, under the administrative control of the Government of Bombay (3).

1. Resident at Kolhapur and Political Agent, Southern Mahratta Country States.
2. Political Agent, Mahi Kantha.
3. First Assistant Resident at Aden.

CHAPTER XII.

GWALIOR RESIDENCY (.76 LAKE).

(1) *Introductory.*—This Residency is charged with the conduct of political relations in the entire northern section of the western portion of Central India extending from the Chambal on the north to Bhilsa on the south and from Bundelkhand and the Jhansi district on the east to the Rajputana Agency on the west. The Resident deals direct with the Foreign and Political Department. Gwalior is the largest treaty State in Central India and one of the first half a dozen in India. Besides Gwalior the Resident's charge includes portions of certain other States.

The Gwalior Residency is an area measuring 1·17 square miles situated close to the cantonment of Morar, about four miles to the east of Gwalior and includes three villages. This area is administered by the Resident.

Expenditure and analysis of its growth.—The following table shows how the expenditure has varied :—

	1913-14.	1922-23.	1924-25.	1926-27.	1927-28.	1928-29.	1929-30.	1931-32.
Pay of Officers ..	·39	·32	..	·44	·46	·43	·43	·43
Pay of Establishment ..	·11	·13	..	·11	·11	·12	·13	·16
Allowances ..	·03	·04	..	·05	·06	·05	·03	·05
Supplies and Services	} ·05	} ·09	} ..	} ·34	} ·07	} ·07	} ·07	} ·06
Contingencies ..								
Deduct—Recoveries	—·07	—·03	—	..	..	..	..	..
Total ..	·51	·55	·71	·94	·77	·74	·72	·76

The expenditure on this Residency was ·52 and ·93 lakh (including "Works") in 1913-14 and 1924-25, respectively; the corresponding provision in the current year is ·96. The growth is due to the addition of a clerk and a servant, cost of Lee concessions, and additional grant for the maintenance of the Residency gardens and of furniture. The expenditure on "Works" and "Contingencies" is, however, less than in 1924-25.

Organisation.—The Residency staff consists of a Resident (on Rs. 3,000), a part-time Surgeon for the Residency and an Indian Assistant (on Rs. 300—500 plus a special pay of Rs. 50). Establishments consist of 11 clerks and 8 servants; in 1926-27 there were 8 clerks and 7 servants. The Civil Surgeon of Jhansi works as Residency Surgeon and gets an allowance of Rs. 100 p. m. for periodical visits to Gwalior. (The abolition of the Residency Surgeon's post was proposed by the department in 1922-23 but finally the decision was to keep the post in abeyance.)

(2) *Our proposals.*—The department has offered to reduce the expenditure by ·07 lakh including ·05 on the provision for Works which we shall deal with separately. The abolition of the allowance of Rs. 100 p. m. to the Civil Surgeon of Jhansi and of the posts of a clerk and a servant appear to be the remaining items of retrenchment. We do not consider the offer of ·02 adequate. By deleting the provisions for compensation for dearness of provision

and grain compensation allowance and further reduction under supplies and services and contingencies it should be possible to effect a saving of .05 and we recommend accordingly.

MYSORE RESIDENCY (2.00 LAKHS).

(3) *Introductory.*—This Agency is in charge of a Resident of the First Class on a pay of Rs. 4,000, who is also Chief Commissioner of Coorg and is responsible for the administration of the Civil and Military Station at Bangalore with a population of 134,113. Mysore and Baroda rank second among the Indian States. The Resident is assisted by a Secretary, an Assistant Secretary on Rs. 800—1,000 and a part-time Personal Assistant in receipt of a special pay of Rs. 100. Besides these officers a Residency Surgeon is also maintained. Officers' pay costs 1.09 lakhs. Establishments consist of 34 ministerial and 31 inferior posts and cost .40 lakh, including a provision of Rs. 1,400 for temporary establishment.

Expenditure.—The cost of the Mysore Residency including "Works" has grown from 1.33 lakhs in 1913-14 and 1.70 in 1922-23 to 2.20 in 1931-32. The following tables show its progress. It will be seen that the growth took place mainly in the provision for the pay of officers. Staff too has grown appreciably.

TABLE A.

Expenditure (other than that on "Works").

	1913-14.	1922-23.	1924-25.	1926-27.	1927-28.	1928-29.	1929-30.	1931-32.					
Pay of Officers ..	.82	.94	} 1.75	} 1.80	} 1.86	} 1.82	} 1.95	} 2.00					
Pay of Establishments ..	.19	.32							.87	.90	.92	.94	1.09
Allowances ..	.07	.13							.41	.43	.45	.45	.40
Supplies and Services ..	.14	.08							.16	.22	.22	.27	.23
Contingencies ..	.11	.20							.26	.14	.10	.15	.16
Deduct—Recoveries ..	—04	..	.16	.23	.18	.20	.19						
				—06	—06	—05	—06	—07					
Total ..	1.29	1.67	1.75	1.80	1.86	1.82	1.95	2.00					

TABLE B.

Staff.

Strength—	1913-14.	1922-23.	1924-25.	1926-27.	1927-28.	1928-29.	1929-30.	1931-32.
Officers	3	3	3	4
Clerical	28	31	32	34
Menial	29	27	29	31

A part of this expenditure is recovered from the revenues of the assigned tract of Bangalore; some details of the existing arrangements have been given in the following paragraph:—

Analysis of its growth.—Including works the expenditure in 1924-25 was 1.8 lakhs and the corresponding provision for 1931-32 is 2.20 lakhs. It appears, however, that the current budget provision has been reduced to 2.16 lakhs. Even then the expenditure has grown by .28.

- (i) The creation of certain new posts—an Assistant Secretary on Rs. 800—40—1,000, a Superintendent on Rs. 250—350, six ministerial posts and a Dafadar—compensated by the abolition of the Registrar's post (on Rs. 400—20—600), added .13 net to the cost.

(ii) Charging of a portion of the pay of a Superintendent of the Pay and Accounts Office, Bangalore, and the transfer of a clerk's pay from "32—Medical" to "29—Political" were mere accounting changes.

(iii) The minor reasons for increased expenditure were :—

Additional grant (Rs. 2,280) for care and repair of Residency house and gardens, cost of the Lee passages (Rs. 1,100), temporary weeding establishment (Rs. 1,400), increased provisions for the maintenance of a second motor car (Rs. 1,310), and under (a) travelling allowance (Rs. 7,900), (b) Contingencies (Rs. 8,760), and (c) Works (Rs. 2,730).

The total increase amounts to Rs. 38,430, against which there is an offset of Rs. 10,228, viz., Rs. 3,080 by increased contribution from the assigned tract revenues on account of the additional staff and Rs. 7,148 on account of transfer of the provision for sterling overseas pay to the High Commissioner's budget and the posting of junior officers.

(4) *Retrenchment proposals.*—The Department has offered to reduce the expenditure by 20 lakh. We are not aware of the details, but, it seems, the abolition of the Assistant Secretary's post and two clerical appointments is contemplated by the department. In our opinion a saving of at least 38 lakh is feasible and should be effected.

Our specific suggestions are :—

(i) We have carefully considered the question whether a Surgeon is required for the needs of this Residency and for Bangalore of which it is claimed that he is in effect the Civil Surgeon. (Coorg is expected to make its own medical arrangements.) As explained by us in some detail in the case of Hyderabad, we consider it no longer necessary to attach surgeons to political agencies as a matter of course. We endorse the view held by those of us who have had occasion to visit Bangalore that this tract also does not require the services of such a costly medical officer maintained at the expense of the central revenues. Bangalore itself is a sanatorium with a salubrious climate and such medical aid as the Residency staff may need can be obtained from the local hospitals. Further, we presume that army surgeons are also available there. In the last resort it may be practicable to enter into an arrangement with the Mysore State, whereby in case of real necessity the services of the medical staff entertained by that State can be made available on reasonable terms to the Residency staff. As a counter-arrangement we have no objection to a Surgeon of somewhat higher status than the medical officers at present employed from Bangalore revenues being entertained for Bangalore proper. For the present, however, we recommend the abolition of the Residency Surgeon's post, saving 25 of which two-thirds, i.e., 15 will be a real saving to central revenues. If Bangalore must have a Civil Surgeon, the cost of keeping one should be charged to the revenues of the Assigned Tract.

- (ii) The post of an Assistant Secretary on Rs. 800—1,000 can in our opinion be abolished without any risk, saving Rs. 9,800 of which two-thirds will be a real saving to central revenues. We note that this measure is in the department's contemplation.
- (iii) Further, we observe that the establishment which was 57 in 1926-27 and 61 in 1930-31 has now grown to 65. There is also a provision of Rs. 1,400 for temporary establishment. The department contemplates a reduction of two posts; we think this is not enough. A ten per cent. reduction should be effected; saving .04 lakh.
- (iv) The provision of Rs. 6,000 for sumptuary allowance appears to us to be excessive and should be cut down to Rs. 3,000. As regards the provision of Rs. 15,800 for travelling allowance, the department justifies it on the ground that the Resident has to visit Coorg (158 miles from Bangalore) frequently and to keep in touch with the chief officials of Mysore State and the Government of Madras at Ootacamund and that he has also to visit the Government of India headquarters at least once a year. We consider that there is considerable room for economy here, and we recommend that the provision should be reduced by Rs. 3,000.
- (v) The provisions of Rs. 16,400 under 'Supplies and Services' and Rs. 18,800 for 'Contingencies' should also be reduced by .03 each.
- (vi) Our proposals will reduce the expenditure by over half a lakh. We shall, however, be content if the Department gives effect to our proposals so as to save at least .38 to central revenues.

(5) *Proposals regarding (a) Coorg and (b) Bangalore.*—(a) So far as we are aware, nothing is now recovered from the provincial revenues of Coorg in respect of the pay, etc., of the Resident (in his capacity as Chief Commissioner) or of his staff. Under the amended Devolution Rules, Coorg enjoys a special constitution with a division between "central" and "provincial" subjects. On the analogy of the contribution which the revenues of the Assigned Tract have to make to the central revenues towards the cost of the Residency we recommend that the question of levying a contribution from Coorg also should be examined. Although we have no specific details to cite in support of our proposals, we consider that the contribution from Coorg should not be less than that of Bangalore. We may in fact refer to the Devolution Rules, which at first contemplated the levy of a contribution from Coorg revenues. This contribution appears to have been remitted with effect from 1926 or thereabouts. The entire position should be re-examined in connection with the place to be assigned to Coorg in the new constitution.

(b) The Inchcape Committee had recommended that the question whether the proportion of one-third recoverable from the assigned tract of Bangalore in respect of the cost of its administration by the Resident and his staff was sufficient payment for the actual cost of its administration should be examined. Under the existing arrangements one-third of the total budget cost under head "29—Political—Mysore" excluding the pay of the Assistant Secretary, Confi-

dential Assistant and the cost of maintaining Protestant cemeteries and isolated graves in Mysore State is debited to the revenues of the Assigned Tract. As regards the Assistant Secretary, two-ninths of his pay, and in the case of the Confidential Assistant one-half of his pay are recoverable from those revenues. The department claims that the distribution of the Residency charges between the Residency on the one side and the revenues of the Assigned Tract on the other was based on the broad principle that the work of the Resident and his staff might fairly be divided into three parts, (i) political, relating only to Mysore State, (ii) the administration of Coorg and (iii) the administration of the Assigned Tract. The department's objections to the exploration of the feasibility of a more accurate assessment of the work are that the Government of Mysore are not likely to agree to any such proposal and that in any case a revision of the terms of the existing settlement cannot be made before 1934-35. We consider that it is the department's duty to negotiate with the Durbar if there is, as we think there is, a good case for negotiation. We cannot accept the department's view that the Government of Mysore are not likely to agree to a revision of the present arrangements, if they are shown to be unfair to the Indian tax-payer.

As regards the second contention, we may explain that even if the existing settlement cannot be changed before 1934-35 there is no reason why negotiations should not be started at once with a view to its alteration on a more equitable basis. *Prima facie*, we are inclined to think that the strictly political share of the Residency expenditure should be much less than it is under the present arrangements. Our definite recommendation therefore is that this whole question including the desirability of maintaining a Civil Surgeon for Bangalore out of the revenues of the Assigned Tract should be explored afresh.

NEPAL (1.56 LAKHS).

(6) *Introductory*.—Under treaty arrangements an Envoy is maintained by the Government of India at the Court of Nepal, and by the Government of Nepal at the headquarters of the Government of India. The functions of both the Envoys are those of diplomatic representatives.

Expenditure.—The following table shows how the expenditure has grown from '76 in 1913-14 to 1.65 :—

	1913-14.	1922-23.	1924-25.	1926-27.	1927-28.	1928-29.	1929-30.	1931-32.
Pay of Officers ..	.51	.63	} 1.06*	.56	.64	.66	.63	.63
Pay of Establishment	.13	.24		.79	.74	.63	.57	.50
Allowances ..	.06	.14		.06	.10	.09	.20	.22
Supplies and Services	.01	.08		.01	.04	.12	.09	.07
Contingencies ..	.06	.14		.10	.09	.08	.21	.14
Deduct—Recoveries..	-.01	-.01		-.01	-.01	..	..	..
Total ..	.76	1.12	1.06*	1.51	1.60	1.58	1.70	1.56

* Includes Works ; the corresponding 1931-32 provision is 1.65.

In return for assistance rendered during the European War an annual present of ten lakhs is also made to the Government of Nepal ; the Department claims that this payment is permanent and cannot be reduced.

Analysis of its growth.—Including the cost of Works, the expenditure has grown by .59 since 1924-25. Out of this an increase of Rs. 55,800 is due to the

transfer of the cost of the Nepal Escort from the military to the political estimates. Cost of Lee passages (Rs. 2,400), education of medical students from Nepal at the Medical College, Calcutta, of which the Government of India have agreed on political grounds to bear the cost (Rs. 4,000), payment of customs duty on arms and ordnance stores supplied to the Nepal Government (Rs. 4,100), and the payment of increased emoluments on account of the revision of pay, accrual of increments, grant of special pays and increased compensatory allowances account for an additional expenditure of Rs. 17,360. Against the total increase of Rs. 73,160, there is an offset of 14, viz., 09 medical and hospital stores, 02 maintenance and renewal of Legation furniture, 02 tour charges and contingencies, and 01 purchase and repair of tents.

Organisation.—Only three officers are maintained, viz., (i) the Envoy, an officer of the status of a Resident of the Second Class and borne on the Political Department's cadre, (ii) a Surgeon on a pay of Rs. 1,500 plus a special pay of Rs. 150 and (iii) a Training Officer for the Nepal Escorts. The training officer is annually deputed for six months and the Escort is said to be maintained for ceremonial occasions. It costs 29 lakh on account of the pay of the ranks and 56 lakh in all. This expenditure used to be borne on the military estimates up to 1925-26, when it was transferred to "Political".

The 1931-32 provisions for the ministerial, menial and medical establishments are 17, 02 and 01 lakh respectively ; we do not know the numbers.

(7) *Proposals.*—The Inchcape Committee had accepted the departmental proposal to reduce the expenditure by Rs. 14,700 and recommended a budget of 93 lakh, in addition to the annual present of ten lakhs.

The Department has offered to reduce the expenditure by 04 lakh. We presume that the principal item of retrenchment in the departmental scheme is to curtail the period of appointment of the Training Officer from six to three months.

We consider the departmental scheme for retrenchment inadequate. Our own recommendations are :—

- (i) The Escort costs 56 lakhs in all, out of which 47 is for pay and allowances. We were informed that the question of reducing the strength of the Escort or of replacing it by a small detachment of regular troops was examined and was dropped on the grounds that the Escort has been maintained at its present strength for many years and that the Nepal Government would be opposed to its reduction. The department based its decision on political reasons. But in the present acute financial difficulty we do not consider such heavy expenditure for purely ceremonial purposes justifiable. In view of the opinion expressed on this question we do not propose to go so far as to recommend its abolition. We do, however, think that the expenditure on the Escort proper should be cut down by at least one-half, saving 25 out of the provisions other than that for the Training Officer's pay.

We have considered the reasons adduced by the Department in support of the deputation of the Training Officer to Nepal. We are, however, not satisfied that it is really necessary to depute a Training Officer annually for six or, as is now proposed, three months. We recommend that the entire provision of Rs. 6,400 on account of his deputation be deleted, at least for some years.

On our proposals there will be a reduction of expenditure by ·31 lakh.

- (ii) Even when a deduction of ·56 for the Escort is made, the provision for 1932-33 still amounts to a little over a lakh. The corresponding actual expenditure in 1929-30 was approximately 1·14. We have already referred to the Inchcape Committee's proposal that including the cost of "Works" the expenditure on this Legation should be brought down to ·93. We recommend that the department should review the expenditure so as to bring it down to 1·20 lakhs (including ·25 for the Escort, but excluding "Works"). A perusal of the analysis of the growth of expenditure shows that, *inter alia*, the additional provisions, since 1922-23, on account of special pays, duty allowances and compensatory allowances, might usefully be scrutinised afresh.

The budget recommended by us, *viz.*, ·95 for expenditure other than that on the Escort will still give the department over ·10 more than the budget contemplated by the Inchcape Committee. Total savings ·36.

BARODA (1·02 LAKHS).

(8) *Introductory.*—Baroda and Mysore rank second among the Indian States and the Baroda Residency is among the oldest in India. Under a treaty concluded in 1805 Baroda accepted a subsidiary force and ceded certain districts for its maintenance. This treaty also provided that the foreign policy of the State including its relations with the Peshwa should be conducted by the East India Company. The claims of the Peshwa on the Gaekwar pending since 1807 were opened afresh in 1816 and, through British intervention, a treaty was signed in 1817, which made Baroda independent of the Peshwa.

Expenditure.—The expenditure on the Baroda Residency has grown as below :—

	1913-14.	1922-23.	1924-25.	1926-27.	1927-28.	1928-29.	1929-30.	1931-32
Pay of Officers	·66	} 1·12	{ ·62	·51	·51	·51	·50
Pay of Establishment Allowances	·40		{ ·33	·33	·33	·37	·38
Supplies and Services	·04		{ ·06	·02	·02	·05	·04
Contingencies	·10		{ ·13	·18	·11	·12	·07
Total ..	·86	1·20	1·12	1·14	1·04	·97	1·05	1·02

Analysis of its growth.—The staff of this Residency has not grown in recent years. Compared with 1924-25 there is a decrease of Rs. 9,112. The posting of junior officers and the transfer of the provision for sterling overseas pay to the High Commissioner's budget account for nearly ·15 out of the ·16 gross decrease of expenditure. On the other hand the entertainment of an English teacher, two masters, a mistress, weeding establishment and revision of pay and

the accrual of increments have led to an increase of expenditure by a little over Rs. 5,000. Similarly, the provision for purchase and repair of furniture has increased by Rs. 1,200 and that for Secret Service by Rs. 100. On the whole, there is a net decrease of expenditure, as explained above, by Rs. 9,112.

Organisation.—There are only three political officers, *viz.*, a Resident of the second class, an Assistant Resident (Rs. 550—600) and an Indian Assistant (Rs. 300—500 *plus* a duty allowance of Rs. 75). A medical officer attached to the cantonment gets an allowance of Rs. 50 per mensem in respect of the medical charge of the Residency. Establishments—clerical, medical, educational and inferior—number 42.

Inchape proposals.—The Inchcape Committee was informed that reduction in expenditure amounting to Rs. 6,000 had been effected. It recommended that the possibility of uniting Baroda, Kathiawar, Cutch, Mahikantha and Palanpur under a single Agent to the Governor General should be explored with a view to bring the expenditure down to the pre-war level.

(9) *Department's offer and our proposals.*—The department has offered to reduce the expenditure by .04 lakh by reducing the clerical establishment. This offer should be accepted. Further, in the light of the formation of the Western India States Agency, we do not think it is now necessary to retain the post of the Assistant Resident and recommend its abolition, saving Rs. 6,700 *plus* Rs. 600 (passage). Again, on grounds which we have explained in connection with Central India the provision of Rs. 400 for a special pay to the Executive Officer of Baroda Cantonment for excise and registration work in the Cantonment area should be deleted. The aggregate savings will thus be .11 lakh.

BAHREIN, MUSCAT, GWADUR AND SEISTAN AGENCIES.

(10) We shall deal with the cost of these Agencies along with the expenditure on the diplomatic and consular services in Persia and the Gulf littoral.

SIKKIM AND BHUTAN (2·15 LAKHS).

(11) *Introductory.*—This Agency is a new political charge comprising the State of Sikkim and is concerned with political relations with Bhutan and Tibet. It was created in 1905-06 on the transfer of the political relations with these areas from the control of the Government of Bengal to the Government of India.

Political relations with Bhutan began with the treaty of 1865 which still holds good. The subsidy to Bhutan which at first was fixed at Rs. 25,000 rose to Rs. 50,000 and is now Rs. 1,00,000.

Sikkim came into the Indian political system at the outbreak of the war with Nepal in 1814-15. On its conclusion the country between the Mechi and the Tista, which had been wrested from the Nepalese, was made over to the Maharaja of Sikkim. In 1841 the Government granted to the Maharaja an allowance of Rs. 3,000, subsequently raised to Rs. 6,000, as compensation for the cession of Darjeeling in 1835. It was abrogated in 1850 but after a decade was restored *ex gratia* and was by stages increased to Rs. 12,000 on the understanding that the increase had no reference to the increased value of Darjeeling.

In 1893 certain regulations regarding trade, communications and pasturage were drawn up; these also provided for the establishment of a trade mart at Yatung on the Tibetan side of the frontier.

(2) *Expenditure.*—The following table illustrates the progress of expenditure under Account I :—

	1913-14.	1922-23.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
Pay of Officers	·28	·33	·39	·44	·47	·55	·49	·385
Pay of Establishment	·19	·21	·21	·21	·22	·20	·21	·22
Allowances, etc.	·10	·13	·16	·13	·15	·16	·13	·135
Supplies and Services and Entertainment Charges.	·10	·26	·35	·11	·11	·11	·11	·11
Contingencies	.. ·07	·24	·13	·14	·14	·14	·13	·11
Secret Service	.. ·03	*	*	·04	·04	·04	·02	·02
Deduct Recoveries	.. —·09	—·01	—·01	..	..	..	..	..
Total	.. ·68	1·16	1·23	1·07	1·13	1·20	1·09	·96

* Included under Supplies and Services.

In addition, a subsidy of Rs. 1,00,000 per annum is paid to Bhutan and a payment of Rs. 12,000 per annum is made to Sikkim in respect of Darjeeling. A sum of Rs. 5,000 has been provided in the current year's budget for the education of Bhutan boys. The total 1931-32 provision thus amounts to 2·15 lakhs.

Analysis of its growth.—In 1924-25 the actual expenditure incurred was abnormally high, viz., 2·47 as against 2·15 provided in the current budget. The decrease is only nominal and has been occasioned by the following reasons:—

- (i) The 1924-25 actuals included expenditure on (a) the adjustment of special expenditure on account of Mr. Bell's mission to Lhasa (·10) and (b) the Political Officer's visit to Lhasa (·12).
- (ii) Transfer of provision for sterling overseas pay to the High Commissioner's budget (·03), and
- (iii) Transfer of provision under "Works" to the Yatung and Gyantse Trade Agencies budgets (0·15).

On the other hand expenditure has increased by about ·08 by revision of pay, etc., (·02), additional allotment for secret service (Rs. 500) and by a new provision (·05) for the education of Bhutanese boys. It will be seen that in reality expenditure has grown by 0·08.

Organisation.—There are only two officers, viz., a Political Officer (pay Rs. 500—2,300 plus a special pay of Rs. 200 plus language allowance of Rs. 100) and a Medical Officer (pay Rs. 500—850). The establishment consists of seven clerks, twelve servants and two agents of the Bhutan State.

(12) *Our proposals.*—Apart from noting that the Foreign and Political Department proposed to reduce the total expenditure (4·21 lakhs) on this

Agency and the two Trade Agencies by .42 lakh, the reduction being confined to the expenditure on the Trade Agencies, the Inchcape Committee made no proposals.

The department has offered to reduce the expenditure of 2.15 lakhs by Rs. 5,000.

We agree that the subsidy of 1.00 lakh to Bhutan and the payment of .12 to Sikkim cannot be reduced. The budget amenable to retrenchment is thus reduced to 1.03 lakhs. We observe that the number of officers is the same as in 1913-14 and that the increased expenditure has been due to revisions of pay and the operation of the time-scales. Minor economies are, however, possible. In particular, we think that the provision for Secret Service should be reduced to the 1924-25 level. There is also room for economy under the head "Allowances." Our remarks* relating to the grant of a monthly language allowance, which we consider objectionable in principle, should, *mutatis mutandis*, be deemed applicable to the case of these Agencies also. Considering the special pay of Rs. 200 the need for continuing it as well as the sumptuary allowance should be scrutinised afresh. In any case, the language allowance should be converted into a lump sum payment rather than kept alive on a monthly basis.

We estimate that on our proposals it will be possible to reduce the expenditure by about .10.

GYANTSE AND YATUNG TRADE AGENCIES (2.29 plus .22=2.51 LAKHS).

(13) *Introductory*.—Of the three trade marts in Tibet that at Yatung had been opened in 1894 in accordance with the convention of 1893 with China. Gyantse and Gartok were opened after the expedition to Tibet in Lord Curzon's time, and the regulations contained in the Anglo-Chinese Agreement of 1893 were applied to them. British subjects were allowed to rent houses and purchase and sell goods without vexatious restrictions. Goods other than arms, ammunition, military stores, salt, liquors, and intoxicating or narcotic drugs, entering Tibet from British India across the Sikkim-Tibet frontier, or *vice versa*, were exempted from duty for a period of five years; on the expiration of that term a tariff, if mutually agreed upon, could be brought into operation.

The Trade Agents at Gyantse and Yatung are also, *ex-officio*, Assistants to the Political Officer in Sikkim, and we understand that apart from looking after trade interests, they have, under the Tibet Trade Regulations of 1908, to perform miscellaneous political functions and to assist British subjects generally, inquire into disputes between British subjects and those of Chinese, Tibetan and other nationalities and to exercise jurisdiction over British subjects accused of offences at the marts or on the routes leading thereto.

Expenditure.—The most important items of expenditure under Gyantse are 'Supplies and Services' and 'Works.' The former includes the maintenance of postal and telegraph lines and of horses and ponies required for postal service on the Phari-Gyantse line; this service is admittedly maintained on political grounds. In 1931-32 provision for postal services including overhead charges is 1.24 lakhs and the provision for the telegraph lines is .38 lakh. The cost of maintenance of animals (.25 lakh) is also additional expenditure on the maintenance of the postal lines.

*Chapter I, para. 9 (iii) and Chapter III, page 54.

The expenditure on these Trade Agencies has varied as below :—

1913-14. 1922-23. 1926-27. 1927-28. 1929-30. 1930-31. 1931-32.

<i>Gyantse.</i>								
Pay of Officers	1.50	.02	.10	.16	.15	.12	.12
Pay of establishment12	.12	.13	.15	.16	.17
Allowances04	.09	.09	.12	.127	.144
Supplies and Services		1.21	1.62	1.44	1.52	1.86	1.71
Contingencies10	.09	.09	.10	.13	.13
Secret Service ..	..	..	..	.01	.01	.02	.02	
Total	1.50	1.49	2.02	1.92	2.05	2.41	2.29*

* There is also a provision of .34 for works in addition to the usual one which for 1931-32 is .12, i.e., the total provision for 1931-32 is .46.

<i>Yatung.</i>									
Pay of Officers29	.11	.01	.02	.04	.026	.02	
Pay of Establishment09	.07	.06	.07	.08	.08	
Allowances03	.02	.02	.04	.03	.03	
Supplies and Services04	.04	.03	.02	.006	.02	
Contingencies06	.04	.04	.05	.06	.06	
Secret Service ..	..	..	..	.01	.01	.01	.01	
			.29	.33	.18	.18	.23	.21	.22†

† There are also provisions of Rs. 5,600 for works and Rs. 1,500 for entertainment.

Total for both	1.79	1.82	2.20	2.10	2.28	2.62	2.51
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Analysis of its growth.—It will be seen that the aggregate current provision for both Gyantse and Yatung is 3.04 lakhs. The corresponding figures for 1922-23 and 1924-25 were 2.30 and 2.49 lakhs respectively. Of the apparent increase of .55, as much as .51 is due to the transfer of the provision under "Works" from the Sikkim and Bhutan budget. An increase of .07 has taken place under Supplies and Services, Secret Service, Entertainment charges and contingent expenditure and an increase of .07 has been caused by the grant of sumptuary and house-rent allowances. Additional appointments and the accrual of increments account for another .05. Total gross increase of expenditure has been .72. As against this .72 there is a set-off of .17 mainly due to the temporary amalgamation of the two agencies. Thus the net apparent increase of expenditure is .55 and the net real increase is .04. If, as the department contemplates, the Trade Agent at Yatung's post is also filled up, the real increase of net expenditure over the 1924-25 figures will be .20 lakh.

Further, it will be seen that as regards the cost on account of pay of officers the roles of Gyantse and Yatung have been reversed since 1922-23, when also in connection with the retrenchment campaign of that year an arrangement similar to the present one was temporarily given effect to.

Organisation.—Gyantse has a Trade Agent on the Political Department's scale, a special pay of Rs. 200 and a sumptuary allowance of Rs. 100. His

language pay of Rs. 100 per mensem has recently been cut out. There is a provision of Rs. 600 in the 1931-32 estimates for a medical officer; we presume that this is for a special pay of Rs. 50 per mensem for looking after the medical needs of the Agency. Three clerks, a duffadar and a naik, one overseer (pay Rs. 200; the post has since been reduced to a sub-overseer's) a sub-assistant surgeon, a vaccinator and nine servants make up the establishment. Since February 1930 a single officer, viz., the Agent at Gyantse has held charge of both the Gyantse and Yatung agencies. Hence the 1931-32 estimates provide only Rs. 1,800 for a special pay and charge allowance of Rs. 150 per mensem for the officer; he also gets the Yatung sumptuary allowance of Rs. 50 per mensem. Two clerks, a sub-overseer, a sub-assistant surgeon and four servants are the Yatung establishment.

(14) *Proposals*.—The Inchcape Committee was told that the department proposed to reduce the expenditure by 42 over the estimates of 1922-23. We presume that it contemplated a future budget of about 1.40 lakhs. In fact, the 1931-32 provision is 2.51 lakhs.

The department has offered to reduce the expenditure by Rs. 4,000 in the case of Gyantse and Rs. 2,000 in that of Yatung. We are not convinced that though called trade Agencies they are not being maintained in furtherance of Britain's imperial political interests. No evidence has been adduced to show that these agencies have helped the trade between India and Tibet to grow appreciably, nor that its volume and character justify such expenditure from Indian revenues. The officers are on the scales of pay in force in the Political Department and are under the control of the Foreign and Political Department and not the Commerce Department; in both these respects they differ from the special trade representatives of India contemplated by the Commerce Department scheme for Hamburg, Milan, New York, Alexandria, Mombasa and Durban.

As regards imperial and Indian politics in Tibet, we hold that China has now receded into the background, and we cannot see that India as such has any vital political, or even trade, interests in Tibet. Hence we see no justification for the expenditure on these Agencies continuing to be a charge on Indian revenues. The position is essentially similar to the position of the "consulates" in Persia, [vide Chapter XVIII, paragraph 6 (a)]. On grounds which we have set forth there we hold that His Majesty's Government should take over the trade agencies in Tibet including Gartok and their financial liabilities *in toto*. We recommend that the Government of India should initiate action to bring about such transfer as early as possible.

We may now proceed to indicate the room for retrenchment within the existing system, though for our calculation of savings we shall assume the transfer of the whole cost.

(ii) Pending consideration of our main proposal, we see no reason why the present arrangement of a single officer holding the combined charge of both the trade agencies should not be made permanent. We understand that these agencies were once before also combined. The department considers that it is not impossible to make the present arrangement permanent; but it opposes such an idea on the following grounds:—

- (a) Preservation of treaty rights and obligations.
- (b) Desirability of training up an "under-study."

- (c) The fact that the Trade Agents' functions include the exercise of magisterial jurisdiction over British subjects accused of offences and the settlement of disputes between them and the nationals of other countries.
- (d) Undesirability of letting British subjects be tried by Tibetan officers.
- (e) The great distance—130 miles—between Yatung and Gyantse, the route having to traverse high passes, which are blocked by snow in winter.
- (f) Desirability of securing compliance with the restrictions and other conditions relating to the visits of Europeans.

Although these grounds may be sound from the strictly political point of view, they appear to us to be weak from the point of view of India's trade with Tibet. As regards the strictly political aspect, we have already stated that India should not be called upon to bear the burden of looking after Britain's imperial political interests in Asia. The claim that consular jurisdiction over British subjects must be maintained appears to us to be somewhat out of harmony with the trend of modern developments in Asia and likely to provoke conflicts which should be avoided. While therefore we think that for the immediate future, at any rate, the present policy might be continued, we see no reason why the present arrangements should not be made permanent.

In this connection we may draw attention to the fact that the present officer's emoluments over and above his pay and overseas pay amount to Rs. 600 as below :—

- Rs. 200 special pay.
- Rs. 100 sumptuary allowance for Gyantse.
- Rs. 100 language pay.
- Rs. 150 charge allowance for Yatung, and
- Rs. 50 sumptuary allowance for Yatung.

There appears to be considerable room for reducing the number and amounts of these emoluments ; we draw special attention to the charge allowance and the *additional* sumptuary allowance for Yatung.

(iii) Even if it is considered expedient to maintain these agencies, we cannot see why expenditure should be allowed to grow so fast. In particular, we can see little justification for the maintenance of postal and telegraph lines at such enormous cost. It is true that these services have been established in pursuance of treaty obligations—rather rights—and that therefore the expenditure is charged to " Political . " But we do not see political or trade advantages from the maintenance of these services commensurate with their cost. The department has promised to reduce this expenditure as far as possible. We recommend that it should be reduced to the level of, say, 1922-23.

(iv) We observe that even in a year of acute financial stringency .46 and .06 have been provided for " Works " under Gyantse and Yatung respectively. The aggregate provision for 1930-31 was about .37. Under the present financial stringency many beneficent activities in India proper are being curtailed. We cannot therefore justify expenditure on works outside the territorial limits of India growing so fast. It must not be forgotten that the maintenance of such services in Tibet is likely to benefit Tibetans more than Indians,

CHAPTER XIII.

POLITICAL EXPENDITURE IN MADRAS.

(1) *Introductory.*—The charges falling under Account I in this Circle of Account consist of the expenditure on (i) the Madras States Agency, (ii) the Consulate at Pondicherry and (iii) payment to the Madras Government for 'agency' work.

(i) In accordance with a recommendation in the Montagu-Chelmsford Report on Indian constitutional reforms, (paragraph 310 of the Report) Indian States in the Madras Presidency, *viz.*, Travancore, Cochin, Pudukottai, Banganapalle and Sandur, were brought into direct relations with the Government of India through an Agent to the Governor-General, whose headquarters are at Trivandrum. The Agent is a Resident of the II class on Rs. 3,000 p. m. plus a sumptuary allowance of Rs. 200 p. m. He has an Assistant (pay Rs. 600) and an Indian Assistant (pay Rs. 300—500); the former post appears to have been kept vacant. There is a provision for a special pay of Rs. 100 p. m. presumably to a local medical practitioner for the performance of duties as medical officer to the Agency Hospital. The establishment of 23 (including medical staff) and of 27 servants costs Rs. 23,400.

(ii) A Consul on Rs. 1,785 is maintained for the sake of French India; his duties include assistance to the police in dealing with political refugees, prevention of the evasion of passport restrictions, and assistance to the mercantile community in matters of trade and shipping. His establishment numbers 14 and costs Rs. 5,300.

(iii) Certain minor political duties are still performed by the Secretariat and the officers of the Government of Madras, *e.g.*, payment of stipends to the representatives of the Carnatic and the Tanjore families, the maintenance of a channel of communication between the Government of India and the French authorities at Pondicherry, services rendered by the Assistant Superintendent of Stationery. The Local Government perform these duties as agents to the Governor-General in Council and receive an annual payment of Rs. 11,600. The department contends that these duties cannot be performed by the Agent to the Governor-General without prejudice to his normal and more important duties and that in any case such an arrangement is not likely to yield any economy.

(2) *Nayar Brigade.*—A peculiar feature of the expenditure of the Madras States Agency is the adjustment of a sum aggregating Rs. 14,700 annually as contribution for leave, pension and passages of military officers lent for service in the Nayar Brigade. As the maintenance of this Brigade by the Travancore Darbar had tended to relieve the regular army of various duties connected with internal security in Central India, the Darbar was relieved, under an arrangement entered into in 1873, of the payment of leave and pension contribution in respect of British military officers employed with the Brigade. The adjustment used to be made under the Military estimates but has been transferred to the Civil estimates since 1923-30.

In 1930-31, the strength of the Brigade was 1471.

(3) *Expenditure.*—(a) *Explanation.*—The aggregate provision for 1931-32 is 2.59 lakhs of which .71 is absorbed by the pay of officers, .29 by the pay of establishments and .23 by allowances. Contingent expenditure amounts to

·22, ·12 is paid to Madras Government for agency work, and ·25 is spent on account of Mapillas and other prisoners and detenus. Of the other items of expenditure the most important are ·33 for miscellaneous expenditure and ·27 for Works.

Analysed on a different principle the Madras States Agency costs 1·61 lakhs including Works and other Political expenditure including the payment to Madras Government amounts to ·98, and is under the control of the Madras Government.

(b) *Progress*.—The following table shows the progress of expenditure :—

ACCOUNT I.

	1922-23.	1926-27.	1927-28.	1928-29.	1929-30.	1931-32.
<i>(2) Madras Agency.</i>						
Pay of Officers ..	·43	·60	·49	·57	·92	·49
Pay of Establishment	·21	·22	·21	·22	·22	·23
Allowances ..	·08	·22	·21	·25	·24	·22
Supplies and Services	·01	·08	·05	·03	·03	·04
Contingencies ..	·15	·19	·22	·19	·24	·20
Grants-in-aid ..	..	·02	·01	..	·15	·15
Total Madras Agency	·88	1·33	1·19	1·26	1·80	1·33
<i>(2) Pondicherry.</i>						
Pay of Officers ..	·14	·13	·08	·17	·24	·21
Pay of Establishment	·09	·05	·05	·05	·05	·05
Allowances ..	..	..	..	..	·01	..
Contingencies ..	·02	·02	·02	·02	·02	·02
Grants-in-aid ..	..	..	..	·02	·01	·01
Total ..	·25	·20	·15	·26	·33	·29
Amount payable to the Madras Government for Agency work ..	·08	·17	·12	·12	·12	·12
<i>Deduct Recoveries from Pudukkottai and Sandur States</i>	—·03	—·02	..	..	..	..
Total Madras Account I	1·18	1·68	1·46	1·64	2·25	1·74
ACCOUNT II.						
Refugees and State Prisoners ..	·20	·40	·34	·25	·25	·25
Works .. ..	..	·26	·25	·24	·24	·27
Miscellaneous ..	·06	..	·03	·01	·23	·33
Total of Account II..	·26	·66	·62	·50	·72	·85
Grand Total for Madras	1·44	2·34	2·08	2·14	2·97	2·59*

* The corresponding actuals for 1924-25 were 2·07 lakhs.

Analysis of the progress of expenditure.—(A) *Madras States Agency.*—The actual expenditure in 1924-25 was 1.08 lakhs; the corresponding provision for 1931-32 is 1.61 lakhs. During this period there was a gross increase of Rs. 61,618 and a decrease of Rs. 8,395. The net increase thus amounts to .53 lakhs.

The following reasons contributed to the increase :—

	Rs.
(i) Creation of a post of Indian Assistant	4,800
(ii) Provision for a motor lorry service for carriage of records, etc. on tour	2,879
(iii) Increased provision for travelling allowance	8,377
(iv) Contribution for leave, pension and passages of military officers lent for service in the Nayar Brigade	14,700
(v) Change of accounting methods	3,162
(vi) Provision for the cost of salutes to Chiefs and for customs duty on ordnance stores supplied to Indian States	600
(vii) Provision for Works in the Trivandrum and Bolghotty Residencies	27,100

The reasons for decreased expenditure were :—

(a) Transfer of provision to the High Commissioner's budget for sterling overseas pay and the posting of junior officers	5,725
(b) Variation in the pay of establishment on time-scale	30
(c) Decrease under "Contingencies" due to the provision of motor lorry service	2,640

(B) *Expenditure under the control of the Madras Government.*—Compared with the actual expenditure of Rs. 99,654 in 1924-25 the 1931-32 provision of Rs. 98,100 shows a decrease of Rs. 1,554. The factors which contributed to the growth of expenditure were :—

	Rs.
(i) Posting of a senior officer as His Majesty's Consul at Karikal and Pondicherry and the contribution for his passage	6,186
(ii) Cost of firing salutes	200
(iii) Increased provision under demarcation of boundaries	12,274
(iv) Small increases under Pay of establishment, Allowances and Contingencies	1,079

Against this gross increase there was a set-off of Rs. 21,293 as below :—

(a) The 1924-25 provision included Rs. 10,100 for arrear payments to Madras	10,100
(b) Decrease due to the fact that Collectors of Kurnool, Bellary and Trichinopoly were relieved of their duties as Political Agents	10,100
(c) Decrease in expenditure on account of Refugees and State Prisoners	1,997

(4) *Departmental offer and our proposals.*—We observe that the Inchcape Committee offered no remarks and made no recommendations on political expenditure in Madras.

The department has offered a total reduction of .27. We do not know the details. But from the memorandum supplied to the Legislature recently

we gather that '04 is on account of " Works ". One of the important items for retrenchment under the department's contemplation is the proposal to abolish the post of Assistant to the Agent to the Governor-General ; saving Rs. 7,400.

We shall first make our main proposal and thereafter proceed to examine the expenditure in detail.

(A) *Main proposal.*—We propose that this agency should be amalgamated with the Mysore Residency. By common repute the principal Southern Indian States, *viz.*, Mysore, Travancore and Cochin are progressive and well administered States, over which supervision by representatives of the paramount power need not be so close as in the case of some others. The southernmost border of Mysore State is only about 75 miles from the northern border of Cochin State, and Bangalore and Mysore are both fairly well connected with Trivandrum and Cochin by rail and road. So far as we can see, there can be no important political consideration against the amalgamation of the Madras States Agency with the Mysore Residency. The case for the amalgamation of the Madras States Agency with the Mysore Residency appears to be even stronger than that for the amalgamation, already effected, of the Bundelkhand and Baghelkhand Agencies, since each of the latter have to deal with a number of States not well connected with each other and some of them even lacking plenary jurisdiction. In case the proposed amalgamation is effected, we shall have no objection to a somewhat senior assistant being maintained at Trivandrum for the disposal of the comparatively less important cases. In the course of his oral evidence the Political Secretary (Sir Charles Watson) told us that normally the amalgamation of one agency with another results in a saving of about '40 lakh. In this case the principal officer is not on the time-scale but on a special scale, *viz.*, Rs. 3,000. We therefore estimate that the saving resulting from our proposal should be about '50 lakh.

(B) (i) Coming to a detailed examination of the expenditure on this agency we agree with the department that the Assistant Secretary's post should, if this agency is to be retained, be abolished. (If on the other hand the agency is absorbed into the Mysore Residency, a senior Assistant's post might be created to take the place of the two posts of the Agent to the Governor-General and the Assistant Secretary.)

(ii) Considering that the States in relation with this agency are Hindu States, the sumptuary allowance of Rs. 200 to the Agent to the Governor-General might perhaps be reduced to Rs. 100 p. m. We may add that the sumptuary allowance to the Political Agent, Bhopal, who now lives at the headquarters of one of the leading Mohammadan States of India is Rs. 100 p. m. We presume that at Bhopal entertainment has to be done probably on a larger scale than at Trivandrum and Bolghotty. Even then we have proposed, on grounds explained in the relevant connection*, the abolition of the allowance. Those grounds apply, *à fortiori*, to this case.

(iii) We have given due weight to the Department's view that at Pondicherry it is essential to have an experienced and reliable officer as a full-time Consul.

* *Vide* Chapter VII—para. 6 (XIV), page 112.

We observe that until recently the status and pay were much lower and further that the provision for a British Consul for Portuguese India at Goa is Rs. 400 p.m. The department's view is that Pondicherry being a larger and more important port with more traffic passing through it than Goa, arrangements similar to those in force at Goa are not practicable at Pondicherry. We concede that the departmental view has some force in it. But we do not agree that the case made out by it justifies a Consular post on Rs. 1,785, which has imposed an additional burden of over six thousand rupees on central revenues since 1924-25. We think that the status of the post should be reduced, the pay attached to it being reduced to, say, Rs. 1,000--1,200.

(iv) We endorse the department's view that no appreciable economy will result from making over to the Agent to the Governor-General or, under our proposal, to the Resident, Mysore, the work at present performed by the Madras Government or their officers.

(v) As regards the provision of Rs. 14,700 on account of the leave and pensionary contributions in respect of British military officers employed with the Nayar Brigade we observe that up to 1929 the contribution was charged to the army estimates. Considering that the officers concerned are British military officers, that the unit with which they are employed is a part of the army organisation of India, and that the justification for the undertaking of this liability lay in the fact that the Nayar Brigade tended to relieve the regular army of various duties connected with internal security in Central India, we think the army estimates should continue to bear the charge. The contribution should therefore disappear from the "Political" estimates. In this connection we invite attention to paragraph 9 (v) of Chapter I.

(vi) From an analysis of the expenditure on "Works" we find there is considerable room for economy. We shall, however, deal with the provision for "Works" as a whole.

(vii) *Miscellaneous.*—The 1931-32 provision is .33. The actual expenditure in 1927-28 and 1928-29 was only .03 and .01 respectively. On the other hand it appears that in 1924-25 the provision was about .18. We cannot account for the heavy growth of expenditure on the demarcation of boundaries. It appears to us that this item requires careful looking into. We are not, however, in a position to make any concrete proposals other than that a ten per cent. cut might be made. The resultant saving will be taken into account in Chapter XX.

(C) On the whole and subject to our main proposal regarding the amalgamation of this Agency with the Mysore Residency, we recommend acceptance of the departmental offer of .23 *plus* .01 under sumptuary allowance *plus* .06 for Pondicherry. To this we add .50 on account of the amalgamation with the Mysore Residency and .15 by transfer to the army estimates. The total reduction of civil expenditure will therefore be about .95 lakh. Making allowance for possible increase on certain items we shall calculate the reduction at .90 lakh.

CHAPTER XIV.

ADEN AND ARABIA.

(1) *Introduction.*—Before we proceed to deal with Aden, we may mention that a Residency at Baghdad and a Vice-Consulate at Jeddah and Hodeida used to be maintained from Indian revenues. The emergence of Iraq as a mandatory State did away with the Baghdad Residency. In connection with the retrenchment campaign of 1922-23 it was decided not to re-open the Vice-Consulate at Hodeida. The control of the Vice-Consulate at Jeddah was transferred to His Majesty's Government and, so far as we have been able to ascertain, the Government of India contribute one-half of the cost.

Aden.—Aden with the island of Perim commands the straits of Bab-el-Mandab at the southern entrance to the Red Sea. For a naval power desirous of guarding its line of communications and of dominating the Red and the Arabian Seas its situation is exceptionally favourable. The British-Indian Government had negotiated with the Sultan of Lahej for its sale. In consequence of his failure to complete the sale to which he had agreed and to grant satisfaction for the plunder and maltreatment of the crews of some British vessels wrecked on the Aden coast the port of Aden was bombarded and taken in 1839. The Sultan signed an agreement, under which, in return for his engaging to maintain peace and friendship, the British Government agreed to grant certain subsidies to him and to some of the tribes. In 1867, the Sultan consented to the construction of an aqueduct for the supply of water from the Shaikh Othman wells to Aden. In 1869, the peninsula of Little Aden was purchased from the Chief of the Akrabi tribe and in 1887 a strip of the foreshore connecting Al Haswa and Bunder Fucum was also purchased. At various times treaties were concluded with the several tribes, extending to them and their territories the protection of the British Government.

Aden is now used principally as a coaling station and is a port of call for many of the steamship lines plying between Europe and the East. The manufacture of salt is the principal industry. India has large trade and industrial interests in Aden town and port and of the total population of 56,500 in 1921, 11,253 was Indian, mainly from the maritime districts of Bombay and the States of Kathiawar and Cutch. The latest census (1931) showed a total population of 51,478 but the figures relating to the numbers of Indians and non-Indians in 1931 could not be supplied to us.

(2) *Administrative arrangements and incidence of expenditure.*—For a long time the whole expenditure in Aden was borne by India, and the Government of Bombay administered it. Towards the end of the last century. His Majesty's Government agreed to make an annual contribution of £72,000. In 1917, the political and military control of Aden was taken over by His Majesty's Government. The Inchcape Committee recommended the examination of a suggestion received by it, viz., that (i) the Aden Settlement, town and port, should remain a part of India, all civil and military administration resting with the officers of the Indian Government and (ii) the Aden Protectorate and Political arrangements should be taken over by the British Government, which could obtain on payment from India such Indian troops as were necessary for the purpose. Under the arrangement proposed Great Britain was to accept responsibility for the protection of Aden, India making a reduced contribution

towards its defence. At the same time it recommended that (i) the garrison at Aden should be reduced to the pre-war strength, representing a saving of 10 lakhs on the 1922-23 estimates, (ii) a portion of the pay of the Chairman of the Port Trust should be transferred to the Port Trust Funds and (iii) political expenditure at Aden in 1923-24 should be limited to 3.79 lakhs. In fact, the actual expenditure in 1929-30 was 4.21 and the revised and budget estimates for 1930-31 and 1931-32 are 5.08 and 4.87 lakhs respectively. In 1927 an arrangement was entered into, under which His Majesty's Government became responsible for the whole of the military and political expenditure in Aden, the Government of India making a contribution of £250,000 for the first three years and thereafter one-third of the total cost (including the cost of the air force units at Aden), upto a maximum of £150,000 per annum. In all political and military matters the Resident at Aden, who is also Commander-in-Chief, was made directly responsible to His Majesty's Government. On the other hand India became solely responsible for the civil administration of Aden town and settlement; in such matters the Resident and Commander-in-Chief is under the control of the Governments of India and of Bombay. The civil expenditure is shared between the Government of India and the Government of Bombay according as the items are 'central' or 'provincial'. We should, however, remark that certain items which properly speaking are provincial, e.g., expenditure on Education, Medical, Public Health, General Administration, are at present booked under the head "Political", which of course is a central subject.

We understand* that it has been decided that the Government of India should take over the civil administration from the Government of Bombay and set up Aden as a Chief Commissionership.

(3) (a) *Expenditure*.—The contribution to His Majesty's Government in respect of military and political expenditure, the 1930-31 provision for which was the full amount, viz., £150,000, is debited to the army estimates. In addition the expenditure which has been classified as civil is borne by the Government of India and the Government of Bombay. Owing to the change which took place in 1927 in the incidence of expenditure, we have not attempted to give the usual comparative figures. We may, however, remark that the actual expenditure in 1929-30 was 4.21 lakhs and the revised estimate for 1930-31 was 5.08.

(b) *Revision of establishments since 1927*.—The department has informed us that the transfer of the military and political control of Aden to His Majesty's Government in 1927 resulted in a considerable saving to Indian revenues on the cost of the superior establishment. Since 1930 the post of Third Assistant to the Resident is being filled, as an experimental measure, from the cadre of the Bombay Provincial Executive Service.

The question of reducing the enhancements of pay granted to the lower staff of the Civil Hospital at Aden in 1922 is under consideration. Similarly the abolition of one post of passport clerk is also being considered.

*This chapter was drafted a few weeks before the administration of Aden was taken over by the Government of India, and has been left unaltered. The conditions it pictures are those which existed generally in 1931-32.

(4) *Revenues and deficit.*—The principal sources of central revenues are Income-tax, Lighthouses and Lightships, Interest and Salt. We observe that in 1932-33 total receipts, both central and provincial, are estimated at 13.32 akhs. The principal sources and the estimates under each are:—

Income-tax	..	..	..	..	..	..	3.37
Salt	..	..	..	..	..	..	.87
Excise	..	..	..	..	..	..	2.17
Stamps	..	..	..	..	..	..	.99
Interest	..	..	..	..	..	..	1.49
Police	..	..	..	..	..	..	1.72
Ports and Pilotage	..	..	..	..	..	..	.14
Lighthouses and Lightships	..	..	..	..	..	..	1.40
Medical	..	..	..	..	..	..	.27
Miscellaneous	..	..	..	..	..	..	.36

The following table shows the total receipts from "central" subjects and the deficit (apart from the contribution to His Majesty's Government towards political and military expenditure) to central revenues:—

				1927-28.	1928-29.	1930-31.
Receipts	..	..	..	3.17	6.13	5.55
Expenditure	..	..	..	9.96	7.45	8.76*
Deficit	..	..	..	6.79	1.32	3.21*

*Includes Rs. 60,000 for a hospital scheme not included in the budget.

(5) *Organisation.*—In the budget estimates for 1931-32 provision has been made for the following officers:—

A Political Resident (Rs. 2,500 p.m. with a sumptuary allowance of Rs. 500 p.m.), an A.-D.-C. (Rs. 400—700), a Judicial Assistant (Rs. 1,000—2,250 plus special pay Rs. 150), a Surgeon (Rs. 750), three Assistant Residents (one on Rs. 2,150, another on Rs. 1,100 and the third on Rs. 500 plus a special pay of Rs. 150 p.m.), a Registrar and Judge (Rs. 300—50—750), a Deputy Educational Inspector (on Rs. 350—650) a Headmaster (Rs. 440), Chairman of the Aden Port Trust (only a part of whose cost is now debited to central estimates) and a Lady Doctor (Rs. 400—25—600). The budget includes provision for the following permanent establishment costing 1.28 lakhs (*viz.*, 1.21 on salaries plus .07 for leave salary minus .05 for probable savings).

	Executive and clerical.		Servants.	
	Number.	Provision.	Number.	Provision.
General Administration	27	.44
Justice	16	.17
Education	25	.23
Medical	5	.06
Trade Registration	7	.10
Total	80	1.00
			81	.21

(6) *Departmental offer*.—The Department has offered savings aggregating ·16 lakh in the current year's budget provision of 4·88 lakhs. We do not know the details and are unable to say what portion of this expenditure represents permanent genuine savings. We were also informed that the department was contemplating a further reduction of about ·20 lakh, but that the Bombay Government's reply was being awaited.

(7) *Our proposals*.—In dealing with Aden expenditure we feel we are under a considerable handicap. His Majesty's Government are now responsible for the political and military expenditure and the only concern of the Government of India in respect of such expenditure is to make a contribution (upto a maximum of £150,000) according to a certain formula. In our opinion, however, this fact should not stand in the way of the Government of India trying to get the formula revised. Our Sub-Committee is not concerned with military expenditure and since the contribution in respect of political relations is also lumped with the military contribution and the aggregate of both is provided for in the army estimates, it may be argued that it is not competent to review it. Without admitting the validity of such a contention we refrain from such a review. We shall therefore confine ourselves to an examination of the provision which is strictly under our purview, *i.e.*, of the provision of 4·88 lakhs under head "29—Political". We are of course leaving out of consideration the expenditure at present borne by the Government of Bombay, in respect of which we have little information; in fact it seems that the Government of India themselves have none to communicate to us.

As remarked by us in para. 2, the Inchcape Committee recommended that political expenditure should be limited to 3·79 lakhs. Considering that military and political conditions in Arabia are far more settled than they were when that Committee reported, we think that the expenditure should, at least, be taken back to the neighbourhood of 3½ lakhs. For the present, however, we are content to put forward certain recommendations designed to reduce the budget provision from 4·88 to about 4·25 lakhs. Even this amount will be a little in excess of the actual expenditure in 1929-30.

The following are some of the specific lines of action we recommend :—

- (i) The post of A.-D.-C. to Resident on Rs. 400—700 appears to be a new creation in 1931-32. At any rate there was no provision for it in the 1930-31 budget. This post should be abolished; saving ·07.
- (ii) For a small civil administration like that of the Aden Settlement, we consider it unnecessary to maintain the Second and the Third Assistant Residents. These two posts should also be abolished; saving ·25.
- (iii) Further, we notice that the Resident's sumptuary allowance is as much as Rs. 500 p.m.—the same amount as is paid to the Chief Commissioner and Agent to the Governor-General, North-West Frontier Province. As in the case of that province this allowance should be reduced to Rs. 250 p.m.; saving ·03.
- (iv) The new item of ·53 in the 1931-32 estimates for a grant-in-aid for the drainage scheme in Tawahi and Maala may be capable of some reduction.

CHAPTER XV.

BOMBAY.

(1) *Explanation.*—The Accounts Circle Bombay accounts for the expenditure on four agencies, viz. (i) Aden, (ii) Mahikantha, (iii) Southern Mahratta country and (iv) Minor agencies. In this chapter we shall deal with only Account I, i.e., with expenditure (10·65 lakhs) on the Political Agencies and not with miscellaneous political expenditure (·65 lakh); the latter is accounted for in Account II and will be dealt with separately.

In view of the different history and present conditions of Aden we have dealt with it separately. The other three agencies will be dealt with in this chapter.

We may explain that Cutch, Kathiawar States and Palanpur, etc., used to be in political relations with the Government of India through the Government of Bombay. With the creation of the Western India States Agency under the direct control of the Government of India in October 1924, only the three agencies mentioned above now remain under the political control of the Government of Bombay.

A.—*Mahikantha Agency.*

(2) (a) *Introduction.*—The country covered by this Agency is a backward and hilly tract (area 3,124 square miles) and its population comprises Bhils and other aborigines. Of the 52 States and Talukas in this Agency only the States of Idar, Vijayanagar and Danta possess plenary jurisdiction; the others either have no jurisdiction at all or have it only in a limited form. The “residuary” jurisdiction, original as well as appellate, has to be exercised by the political officers.

The headquarters are at Sadra, which is only a small civil station on the eastern border of the Baroda enclave in central Gujerat.

(b) *Organisation.*—The political staff consists of a Political Agent and three Deputy Political Agents. An Assistant Surgeon, 56 clerks and 57 servants and a subordinate medical establishment of 12 are also maintained.

Besides his pay on the usual scale including overseas pay, the Political Agent gets a special pay of Rs. 250. Of the three posts of Deputy Political Agents, one is on the scale Rs. 550—600 and two others on the scale Rs. 350—600. The Assistant Surgeon's post is on Rs. 320 and he gets a special pay of Rs. 50.

(c) *Expenditure.*—Of the total gross provision of 1·43 lakhs officers' pay accounts for ·40 and the pay of establishment for ·81 lakh. The only other important provision is ·12 for travelling allowances.

A contribution is levied from the Consolidated Local Fund and the Sadra Bazaar Fund on account of the pay, leave salary and pension of the establishment payable from those funds. The total annual recovery is fixed at Rs. 53,160 of which Rs. 45,400 representing pay and allowances of the staff is taken as reduction of expenditure and the balance representing leave and pensionary contribution is credited to revenues.

The estimates also provide for an expenditure of 1·76 lakhs on the policing of the Mahikantha Agency, i.e., the civil station of Sadra and certain thanas. A somewhat detailed explanation in respect of the policing of Banaskantha,

Mahikantha, Rewakantha and the Western India States Agency has been given in Chapter X and need not be repeated. The expenditure on the policing of these areas is charged against central revenues to which are credited the tributes received from the States and also the Baroda subsidy of 3.75 lakhs which was expressly meant to provide for these police charges.

Growth of expenditure.—The following table shows the progress of expenditure on this Agency:—

	1922-23.	1926-27.	1927-28.	1928-29.	1929-30.	1931-32.
<i>Political and medical.</i>						
Pay of officers .. ..	..	..	..	..	..	..
Pay of establishment .. ..	..	..	..	..	..	..
Allowances .. ..	..	..	..	..	..	..
Contingencies .. ..	..	..	..	..	..	..
Grants-in-aid .. ..	..	..	..	..	..	..
	.73	.43	.43	.44	.45	.40
	.12	.12	.17	.13	.15	.12
	.10	.10	.10	.12	.09	.08
	.02	.02	.02	.02	.02	.07
<i>Deduct—Recoveries</i> .. ..	.53	.51	.44	.41	.41	.45
Total .. ..	.42	.86	1.01	1.03	1.06	1.03
<i>Police Charges.</i>						
Pay of officers .. ..	..	..	..	..	..	..
Pay of establishment .. ..	..	..	..	..	..	..
Allowances .. ..	..	..	..	..	..	..
Supplies and Services .. ..	..	..	..	..	..	..
Contingencies .. ..	..	..	..	..	..	..
Payment to local Government .. ..	..	..	..	..	..	..
	.10	.10	.10	.11	.10	
	1.24	1.24	1.24	1.25	1.22	
	.30	.29	.31	.30	.29	
	.02	.02	.03	.04	.03	
	.15	.11	.11	.14	.11	
	.01	..	..	..	..
Total .. ..	..	1.80	1.76	1.79	1.84	1.75
Grand Total .. ..	.42	2.66	2.77	2.82	2.90	2.78

(d) *Departmental offer and our proposals.*—(i) The Inchcape Committee was definitely “of opinion that an arrangement under which the local Government is responsible for administration, while the cost is borne by the Central Government is unsuitable”, and recommended that if the States in political relations with the Government of Bombay were to be transferred to the Government of India, the possibility of uniting Baroda, Kathiawar, Cutch and Palanpur under one Agent to the Governor-General should be explored with a view to effecting economies in establishment sufficient to reduce the expenditure to pre-war level. We observe that while Kathiawar, Cutch and Palanpur have been amalgamated into one agency, Baroda and Mahikantha do not form part of it, and that Mahikantha and Rewakantha are still under the control of the Bombay Government.

The department’s view is that it is impossible to abolish this agency or to amalgamate it with any other agency in Rajputana or in the Western India States. The grounds on which this view is based are:—

- (i) the country covered by this agency is a backward tract and contains an unusually large proportion of Bhils and other aborigines who are alleged to be very easily excitable,

- (ii) relations between the durbars and their nobles are said to be a constant source of trouble, and
- (iii) the agency cannot be controlled at long range from either Mount Abu or Rajkot.

Further, it might be urged as an objection to any proposal regarding the absorption of Mahikantha Agency into Baroda Residency or Western India States Agency that it would automatically involve "direct relations" with the States in this agency which, we notice, are all comparatively small and unimportant. But we observe that many other small States and Estates, e.g., in Bundelkhand and Baghelkhand, are, and have always been, in direct relations with the Government of India. We may now examine the objections urged by the department.

Sadra, the headquarters, is within less than a hundred miles of Palanpur and Baroda and has railway connections with them within fairly easy reach. Some admixture of Bhil and other aboriginal population is to be found in the populations of Palanpur, Baroda and many of the States of South-Western Rajputana, e.g., Udaipur, Sirohi, Dungarpur and Banswara. Though the department is inclined to consider the existence of this population, alleged to be easily excitable, as a problem, we are not aware of any serious trouble having occurred in recent times in that area; in any case, it is hardly a valid plea against the amalgamation of Mahikantha with any other agency (e.g., Banaskantha, Baroda, Udaipur) in charge of political relations with States which have also an aboriginal population to deal with.

Disputes between the durbars and their nobles are not peculiar to the Mahikantha States and do not necessitate the maintenance of a separate and special agency; the amalgamated agency also can look after them.

We should like to impress it upon the Department that from the point of view of administrative control and higher appellate judicial work it is clearly more desirable to bring Mahikantha in relation with Baroda or Banaskantha than to leave it to deal with a local Government, whose changing headquarters (Bombay, Mahabaleshwar and Poona) are hundreds of miles away from Sadra and from the capitals of the States and taluqas concerned.

Apart from the "amour propre" of the Bombay Government we can therefore see no great reason why Mahikantha should be maintained as a separate agency under the political control of that Government and we suggest that its absorption into a bigger agency, which presumably was in contemplation when the Incheape Committee reported, should now be brought about. Considering the traditional link of the States and Taluqas comprised in this Agency with Baroda State and also the fact that Baroda is probably more easily accessible to them than Rajkot, we think it *prima facie* feasible and desirable to amalgamate it with Baroda Residency. But we do not bar the possibility of the balance of advantage being found, on examination, to lie with its amalgamation with Banaskantha (which is reputed to be a light charge), or even with Udaipur and Mount Abu. For purposes of calculating savings we shall assume such amalgamation.

If necessary, a political officer of the status of an Assistant or a Deputy may be kept at Sadra. In any case it should be possible to reduce the status of the present post and also to abolish the post of one of the three deputies.

(ii) In case, however, our suggestion above is rejected, the most costly of the three posts of Deputy Political Agents should be abolished.

(iii) We are doubtful if it is necessary to attach a special pay of Rs. 250 (25 per cent. of the pay proper of the present incumbent) to the post of Political Agent. In practice, the officer concerned is likely to correspond in status to a provincial service officer or to a junior officer of the Political Department. Even for onerous special duties the special pay is generally fixed at a figure not exceeding 20 per cent. We think, this special pay should be abolished. In any case, it is disproportionate and should be considerably reduced.

We are not sure that in a place like Sadra, where the Assistant Surgeon is not likely to have any serious professional competition, it is necessary to attach a special pay to his post.

(iv) Minor economies under Allowances, Supplies and Services, Contingencies and Grants-in-aid appear feasible.

On our proposals there should be a reduction of expenditure of about 20 lakh, exclusive of the reduction of expenditure on Police. We also assume that the reduction proposed by us will mainly be a saving to central revenues and that it will not merely afford relief to the Sadra Bazaar Fund or the Consolidated Local Fund. In the absence of detailed information, the entire saving will be included in our calculation of savings.

(e) *Proposals regarding Police.*—As regards the Mahikantha Police, the expenditure of 1.76 lakhs is now a direct charge on central revenues. It is true that the tributes received from the States comprised in the agency and a part of the Baroda subsidy of 3.75 lakhs are,—at any rate historically,—to be considered as a partial set-off against this expenditure. But since the expenditure is now in fact a charge on central revenues, we propose to review it.

A Deputy Superintendent on Rs. 520 *plus* a duty allowance of Rs. 100 and an Inspector on Rs. 240 are the officers maintained for the force which consists of 359 ranks and 2 servants. We have scrutinised the provisions and have come to the conclusion that it should not be difficult to effect a saving of 10 per cent. of the 1931-32 provision, *i.e.*, of 17 or 18.

(f) *Summary.*—On our proposals the total reduction of expenditure on the Mahikantha Agency including Police charges will be about 37 lakh.

B.—*Southern Mahratta country.*

(3) (a) *Organisation.*—A Political Agent (pay Rs. 2,250 *plus* fixed travelling allowance Rs. 200) is maintained for the conduct of political relations with the States of the Southern Mahratta country. At Kolhapur, the most important of them, he has the status of a Resident. He is assisted by an Assistant Resident and an "Adjutant and Second-in-Command, Kolhapur Infantry". There is also a provision of Rs. 4,100 for a *Daftardar* of gazetted status on Rs. 340 per mensem, but the post has been held in abeyance since 1st June 1931. Establishments consist of 15 clerks and 16 servants.

(b) *Expenditure.*—Officers' pay absorbs 54 and the pay of establishments 19. The only other important item of expenditure is a provision of Rs. 5,300 for travelling and other allowances. Against the current provision of Rs. 500 for special charges there was no actual expenditure in 1929-30.

The following table shows the progress of expenditure :—

	1922-23.	1926-27.	1927-28.	1928-29.	1929-30.	1931-32.	
Pay of officers —	} .33	{ .67	.49	.42	.44	.54	
Pay of establishment ..			.21	.19	.19	.19	
Allowances ..			.03	.11	.10	.07	.08
Supplies and Services —			.01
Contingencies ..			.03	.03	.02	.02	.02
	.40	1.02	.82	.70	.70	.83	
Deduct—recoveries from States	— .43*	— .45	— .44	now credited as revenue.			

* The accuracy of this deduct item appears to be doubtful.

A peculiar feature of the expenditure on this agency is the recovery towards its cost. For 1931-32 the contribution receivable is .45 lakh and is credited as revenue. The details of the contribution are :—

(i) towards the Resident's pay	Rs. 19,200
(ii) towards travelling allowances	2,400
(iii) towards the pay of the Second-in-Command and Adjutant, Kolhapur Infantry	13,200
(iv) half the pay of the Daftardar	2,048
(v) half the pay of the establishments and the Railway Magistrate	7,775

Items (i), (ii) and (iii) are fixed, while items (iv) and (v) fluctuate with changes in the emoluments of the establishment, e.g., when increments become due. Since the post of the Daftardar is now held in abeyance, recovery on account of item (iv) will fall short of the estimate.

The table above shows that since 1924-25 the net expenditure has not only not grown but has in fact gone down. As compared with 1928-29 and 1929-30, however, it shows an increase of about .13. Compared with the actuals of 1924-25 the cost has nominally increased by .29, but in fact it has decreased by .14.

(c) *Our proposals.*—The total reduction offered by the department for Bombay as a whole is .34. We do not know the details, nor do we know what portion of the offer is on account of Account I of this agency. We therefore propose to examine the expenditure ourselves.

(i) We approve of the department's action in keeping the Daftardar's post in abeyance and thereby effecting a reduction of Rs. 4,100 and presumably also Rs. 600 on account of his leave salary. Its abolition should be considered at an early date.

(ii) We assume that the provision of Rs. 2,600 on account of the cost of passages will not be needed in 1932-33.

(e) There is little room for further appreciable economies. In our skeleton scheme we had recommended a reduction of .10. On further consideration however we propose a reduction of about Rs. 7,500, out of which about Rs. 5,000 to Rs. 6,000 will represent a permanent saving.

C.—Minor Agencies in Bombay.

(4) (a) *Explanation.*—The provision of 2·16 lakhs for Minor Agencies is intended for the maintenance of (i) a British Consul for Portuguese India at Goa (Rs. 400 per mensem), (ii) two Deputy Political Agents for Rewakantha, (iii) the Combined Police for the Panchmahals district and the Rewakantha Agency, and (iv) for the payment of a fixed charge of Rs. 1,02,400 to the Government of Bombay in respect of the political services of their officers and establishments.

(b) *Expenditure.*—The expenditure on Minor Agencies in Bombay has grown as shown below.—

	1922-23.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
Consul at Goa and the Rewakantha Deputies.	..	·22	·25	·20	·16	·15	16
Rewakantha Police	..	·82	·83	·96	·94	1·00	1·05
Allowances, Supplies and Services, Works and Contingencies.	..	·08	·07	·10	·09	·10	·10
Payments to Bombay Government.	..	·77	·80	·80	·80	1·47	1·02
Deduct—Contributions from Indian States.	..	—·25	—·19	—·19	—·17	—·17	—·17
Total	..	2·74*	1·64	1·76	1·82	2·55	2·16

* This figure is unadjusted and is not a safe guide for comparison.

We may now deal separately with the various services named above.

(c) *Goa Consulate.*—The appointment of the British Consul for Portuguese India at Goa is under the control of the Foreign Office, London, and is apparently filled by a part-time officer; the provision of Rs. 4,800 is for the payment of an allowance of Rs. 400 per mensem by the Government of Bombay for his consular work. He is usually a member of the staff of the Madras and Southern Mahratta Railway.

We consider this a satisfactory arrangement and, apart from suggesting that the feasibility of reducing the amount of the allowance might be reconsidered, we have no remarks to offer.

(d) *Rewakantha Agency.*—This agency is maintained for the sake of the States lying mainly north of the Narmada River. It is under the political control of the Government of Bombay. The Collector and Magistrate of the Panchmahals District (headquarters, Godhra), is, *ex officio*, the Political Agent. Under his control are maintained two Deputy Political Agents (pay Rs. 325—25—800), whose cost is borne entirely by the central revenues. Presumably their main function is to help the Agent in the exercise of “residuary” jurisdiction.

(e) *Our proposals.*—(i) We concede that there is no considerable room for economy, but in the light of the actuals the provisions for allowances and contingencies might be reduced by Rs. 1,500 in all. Even in 1929-30 the actual expenditure was Rs. 1,000 less than the 1931-32 provision, and the scales for allowances have since been appreciably reduced by Government. So far as

we can see, the increased 1931-32 provision is mostly on account of contract contingencies; even then no serious difficulty need be felt in cutting down the provisions as proposed by us.

(ii) Our main proposal, however, is that this Agency should be amalgamated with the Residency at Baroda. The fundamental conditions in this agency are similar to those in Mahikantha, and the arguments in paragraph (2) (d) (i) apply with almost equal force to Rewakantha also. The country is hilly and backward and there is a considerable admixture of Bhil and other aboriginal elements in the population. With the exception of Rajpipla, the States and Taluqas, though numerous, are all comparatively small and unimportant and in some cases "residuary" jurisdiction has to be exercised by the agency officers. The relations between the durbars and the nobility are essentially similar. Godhra is not far from Baroda and has excellent railway communication with it. The connections of the States in this Agency with Baroda are, if anything, even closer than those of the Mahikantha States. So far as reduction of expenditure is concerned, we shall take account of it under sub-paragraph (g) below.

(f) *Rewakantha Agency Police*.—The arrangements about the policing of the Kathiawar, Palanpur, Mahikantha and Rewakantha agencies had a common origin (*vide* chapter X paragraph 4 pages 135-136).

As in Mahikantha so also in Rewakantha the police expenditure for which the current provision is Rs. 1,04,600 is incurred in the thanas. Rewakantha Agency police was combined with the Panchmahals district police in 1906, one-fourth of the cost being debited to Rewakantha. The current provision is the estimated quarter share of the Government of India in the total provision (including contributions for leave salaries and pensions) for the provincial police establishment doing agency work.

Apart from the information which we have summarised above, we have no material to enable us to judge whether it is possible to reduce this expenditure. Hence, we are compelled to recommend that in connection with the amalgamation of Rewakantha Agency with Baroda Residency the police expenditure should be scrutinised afresh.

If it is then found feasible to continue the present arrangement, whereby the combined district and agency police serves the political agency also, it may be possible, in view of the comparatively more settled conditions in the agency tracts, to reduce the Government of India's share.

(g) *Contribution to the Bombay Government*.—The Bombay Government still continue to discharge certain political duties on behalf of the Government of India. Owing presumably to the fact that numerous small states are to be found scattered all over the Presidency, it has so far been found more convenient to maintain political relations with them through the general administration officers of the Local Government. For the various political services rendered by the Bombay Government and their officers and establishments a lump sum payment is made to that Government. The table in paragraph 4 (b) shows the actual amounts of the contribution up to 1929-30. Considering that even so late as 1929-30 the amount paid was only -80, we hold that there

is a strong case for the revision of the arrangements under which the estimated contribution for 1931-32 is Rs. 1,02,400. Under certain circumstances it may be an economical arrangement to get the central Government's work done through the agency of the Local Governments. But in this case we have come tentatively to the conclusion that Mahikantha and Rewakantha agencies should be amalgamated with the agencies under the direct control of the Government of India.

Prima facie, we think that the Residency at Baroda can also take charge of political relations with Cambay, Dharampur and other smaller states, most of which lie north of the River Tapti. The scattered nature of Baroda territories, whereby Baroda boundaries often march with the borders of these States, also appears to us to make it desirable that the Resident at Baroda should be placed incharge of political relations with them as well. We therefore recommend that this question should be considered.

In any case, in view of our recommendation about Mahikantha and Rewakantha, we think that the contribution to the Bombay Government should be considerably reduced. We are not in a position to work out a precise estimate of the resultant savings. But we think it likely that a saving of approximately one-half of the present provision will result. Even then the contribution to the Local Government will be almost two-thirds of the actuals of any year from 1926-27 to 1929-30.

(5) *Summary*.—On our proposals the total reduction in Account I will be .98 lakh.

CHAPTER XVI.

PUNJAB.

(1) *Explanation of the grant.*—Under the Punjab Circle of Account there is an aggregate provision of 12·72 lakhs for political expenditure. The following table shows the constituent items of each Account and the progress of the expenditure on each item.

	1913-14.	1922-23.	1926-27.	1927-28.	1928-29.	1929-30.	1931-32.
<i>Account I.</i>							
A. Kashmir Residency ..	1·73	1·47	1·71	1·87	2·06	2·03	2·09
B. Gilgit Agency ..	·81	·95	1·39	1·14	1·59	1·58	1·79
C. Punjab States Agency ..	·76	1·93	1·48	1·43	2·32	1·67	1·79
D. Kashgar Consulate ..	·34	·82	·56	·95	·89	1·01	1·14
E. Ayub Khan Agency ..	·07	·07	·04	·04	·04	·04	·04
F. Gartok Trade Agency ..	·13	·19	·18	·18	·16	·25	·17
G. Payment to Punjab Government.* ..	..	..	·59	·58	·61	·57	·58
H. Training of probationers ..	..	..	·29	·25	·60	·50	·735
Total Account I ..	3·84	5·43	6·24	6·44	8·27	7·65	8·33
<i>Account II.</i>							
I. Allowances to Dera Ghazi Khan tribes.	·10	·12	·13	·13	·13	·13	·13
J. Political Subsidies ..	·08	·08	·07	·11	·08	·11	·09
K. Entertainment Charges ..	·08	·07	·11	·11	·11	·12	·12
L. Refugees and State Prisoners.	2·29	1·16	·90	·86	·84	·80	·78
M. Works ..	..	..	..	..	..	1·53	3·00
N. Miscellaneous ..	·03	·01	·68	·03	·37	·26	·27
Total Account II ..	2·58	1·44	1·89	1·24	1·53	2·95	4·39
Grand Total ..	6·42	6·87	8·13	7·68	9·80	10·60	12·72†

The Incheape Committee took note of the fact that expenditure on the Kashmere and the Punjab Agencies had grown from 6·93 in 1913-14 to 7·30 (budget) in 1922-23. It was given to understand that the Kashmere Durbar proposed to take over its medical arrangements which were then being looked after by the Residency Surgeon and that it would then be possible to employ a Residency Surgeon for only half the year; saving Rs. 11,000. Other savings of Rs. 8,750 and Rs. 16,000 were proposed by the department in the case of the Kashmere Residency and the Gilgit Agency respectively. We thus conclude that the budget which that Committee recommended for political expenditure in the Punjab was 6·94 lakhs. Even omitting the entire provi-

* In respect of provincial establishment employed on political duties in the Simla and Dera Ghazi Khan Agencies.

† The corresponding grand total in 1924-25 was 7·78 lakhs.

sion of 3·00 under " works " the 1931-32 estimate is 9·72 showing a growth of 2·78 (equal to 40 per cent.) during the period 1924-25 to 1931-32. To this growth should be added the considerable portion which now appears in the High Commissioner's budget.

(2) *The agencies and other activities.*—(a) For the maintenance of political relations with the States in and near the Punjab and Kashmere the following agencies and consulates are maintained. The figures of cost are the estimates for 1931-32—

- (i) The Punjab States Agency incharge of a Resident of the First Class at a cost of 1·97 lakhs.
 - (ii) The Kashmere Residency incharge of a Resident of the Second Class at a cost of 2·09 lakhs.
 - (iii) The Gilgit Agency subordinate to the Kashmere Residency at a cost of 1·78 lakhs.
 - (iv) A Consul-General at Kashgar (in Chinese Turkestan) incharge of a British consular or diplomatic officer on British scales of pay at a cost of 1·14 lakhs.
 - (v) The Ayub Khan Agency incharge of a part-time Assistant Political Officer at a cost of ·04 lakh.
 - (vi) The Agency of the Local Government of the Punjab (at a cost of ·58) to look after the States situated in the Simla Hills and tribal relations in the tribal area near Dera Ghazi Khan.
 - (vii) The Trade Agency at Gartok in Tibet at a cost of ·17 lakh. It is the third trade mart referred to in Chapter XII, the other two being Gyantse and Yatung.
- (b) Finally, there is a provision of ·73 for the training of officers of the Political Department as probationers.
- (c) The items making up Account II are self-explanatory.

We shall deal with the entire Account II separately. The various items of Account I will now be dealt with *seriatim*.

A.—Kashmere Residency.

(3) (a) *Introductory.*—This Residency with headquarters at Srinagar in the hot weather and Sialkot in the cold weather is incharge of a Resident of the Second Class. Kashmere is one of the first half a dozen of the Indian States. The Political Agency at Gilgit, though provided for separately in the estimates, is under the administrative control of the Kashmere Residency. We shall deal with Gilgit separately.

The Resident (pay Rs. 3,000 and sumptuary allowance Rs. 500 per mensem) is assisted by two Assistants on the Political Department time-scale; the second Assistant works also as the British Joint Commissioner in Ladakh. His headquarters are at Srinagar and Leh in Ladakh. There is also a provision of Rs. 19,200 for a Residency Surgeon, who, besides his pay, gets a special pay of Rs. 150 for the hot weather and Rs. 100 for the cold weather for medical attendance on military officers on leave and their families in Kashmere. A

ministerial establishment of 18 (in 1930-31 the number of clerks was 16), a medical and customs establishment of 10 and an inferior establishment of 20 are also provided for.

(b) *Expenditure*.—The cost of the Kashmere Residency is 2·19 lakhs including Rs. 10,000 for the payment of customs duty on arms and ordnance stores supplied to the Indian States "under" the Residency. This amount of Rs. 10,000 is, however, provided for in Account II and will be dealt with in that connection.

Of the remaining provision of 2·09, officers' pay absorbs ·87 and the pay of establishments accounts for ·42. Among the other important items are Rs. 6,000 for the Resident's sumptuary allowance, Rs. 31,200 for travelling allowances, Rs. 5,600 (a new item in the 1931-32 estimates) for the cost of passages, Rs. 4,900 for other allowances, Rs. 2,000 for the maintenance of furniture, Rs. 900 for secret service money, Rs. 7,500 for tour charges, Rs. 3,000 for medical contingencies, Rs. 7,200 for other miscellaneous charges and Rs. 2,300 for the pay of menials.

The following table shows the progress of the expenditure :—

	1913-14.	1922-23.	1924-25.	1926-27.	1927-28.	1928-29.	1929-30.	1931-32.
Pay of officers ..		·65		·88	·83	·90	·98	·87
Pay of establishment		·37		·39	·39	·38	·38	·42
Allowances ..		·19		·36	·43	·47	·39	·49
Supplies and Services	1·73	..	1·87	·02	·03	·02	·02	·03
Secret Service ..		..		..	·01	·01	..	·01
Contingencies ..		·26		·19	·24	·28	·25	·27
<i>Deduct—Recovery from Kashmir Darbar.</i>				—·12	—·05	..	..	..
Total ..	1·73	1·47	1·87	1·72	1·88	2·06	2·02	2·09

Against the total provision of 2·19 (including ·10 under Account II) in the 1931-32 estimates the corresponding actual expenditure in 1924-25 was 1·87, i.e., ·32 less. The following factors caused a gross increase of Rs. 49,905 :—

	Rs.
(i) Appointment of two additional clerks and revision of the pay of establishments sanctioned in 1930-31	1,700
(ii) Accrual of increments	2,108
(iii) Cost of passages	5,600
(iv) Increased provisions under—	
Travelling allowances	11,142
Other allowances	4,015
Supplies and Services	495
Durbar presents (there was no expenditure in 1924-25) ..	500
Secret service expenditure	900
Postage, etc.	2,954
Tour charges	5,179
Other contingencies	882
Customs duty (a new item payable to the Army Department)	10,000
	<hr/>
	36,067 36,067
(v) Accounting changes	4,430

On the other hand a decrease of Rs. 18,308 was caused by transfer to the High Commissioner's budget of the provision for overseas pay, etc., and by the posting of junior officers.

(c) *Departmental offer*.—A total reduction of 43 has been offered by the department, the principal component items being (i) abandonment of the annual visit of the British Joint Commissioner to Ladakh, (ii) abandonment of the move of the Kashmere Residency office to Gulmarg, (iii) discontinuance of the allowance to the sub-assistant surgeon, Kashmere Residency, and (iv) abolition of the posts of two clerks. The department adds that the question of abolishing the post of the Residency Surgeon is under its consideration.

(d) *Our proposals*.—While we approve of the economy measures proposed or already taken by the department, our own scrutiny of the budget of this Residency reveals much greater scope for retrenchment. Hence we do not merely recommend acceptance of the department's offer. Our proposals are :—

- (i) We cannot see sufficient justification for the employment of two Assistant Residents. Presumably they do secretarial work. But, even then we observe that some important Residencies and Agencies, e.g., Gwalior, Baroda, Hyderabad, Mysore, Madras States and possibly some others manage to carry on with appreciably less costly staff. Further, the subordinate Political Agency at Gilgit has its own staff on a liberal scale to look after the most difficult part of the political work in this frontier State. The superior secretariat staff of the Residency may, if one post of Assistant is abolished, have to be strengthened, but the pay of the new post need not be on the Political Department scale. For the present, however, we shall assume that the need for such reinforcement will not be immediately felt. In this connection we have taken due note of the department's proposal to effect some saving by the temporary abandonment of the annual visit of the British Joint Commissioner and his establishment to Ladakh, and also of its view that the abandonment of such visits should be only temporary. We hold that even if and when these annual visits are resumed, it should be possible for the work of the Residency to be carried on by a Resident and an Assistant or Secretary ; during the latter's visit to Ladakh the work of the Residency should be carried on by the Resident himself. After duly weighing the *pros* and *cons* we definitely propose the abolition of one Assistant's post ; saving 16.
- (ii) As regards the Residency Surgeon, we observe that although the department gave the Inchcape Committee to understand that it would be possible to employ a Residency Surgeon for only half the year, provision for the full year continues to be made. The department is considering the question of abolishing the post by arranging for the performance of his duties in future by the Kashmere medical mission. We recommend definitely that action should be taken on these or similar lines, enabling the post to be abolished. We have already expressed our view that

the attachment of superior medical officers to political agencies as a matter of course is now an anachronism—more so than it was in 1922-23. Although the department has not given its own estimate of the saving, we assume that it will not be appreciably below 15 (*viz.*, Rs. 19,200 minus, say, a grant-in-aid of Rs. 4,200 which together with the allowance of Rs. 600 already being paid will help to make a grant-in-aid of Rs. 4,800 per mensem to the Kashmere medical mission and their hospital).

We have considered the question whether the medical establishment, *viz.*, a Sub-Assistant Surgeon, a compounder and a chapraai, working under the control of the Residency Surgeon can be reduced. This staff is required for the maintenance of the Residency dispensary in the interests of the Central Government's employees (Residency, Postal and Telegraph Department advisory staff, etc.), stationed in Srinagar and also of the Kashmere Nursing Home—a Government-aided institution. We have thus come to the conclusion that this establishment should be maintained. On the other hand, the department itself has explained that an annual saving of about Rs. 900 will be effected by the abolition of the British Charitable Dispensary at Leh, which was primarily intended for the use of the British Joint Commissioner and his staff and Central Asian traders. The Kashmere State have opened their own dispensary at Leh in charge of a sub-assistant surgeon, and we therefore agree that the British Charitable Dispensary is no longer necessary.

- (iii) The sumptuary allowance to the Resident is as much as Rs. 500 per mensem. We observe that the Residents at Baroda and Gwalior get no sumptuary allowance. We recognise that conditions in Kashmere are somewhat different from those in Baroda and Gwalior; all the same, we consider that the present rate is excessive. The sumptuary allowance should be reduced to a figure not exceeding Rs. 250.
- (iv) The provision for travelling allowance has gone up by Rs. 11,442 since 1924-25. The rates have now been reduced. The annual visit of the British Joint Commissioner to Ladakh, the annual move of the Kashmere Residency Office to Gulmarg and the visits of inspections which used to be paid at irregular intervals to the customs posts at Domel and Jammu are going to be abandoned, at least temporarily. Hence, the provision for travelling allowances should be reduced by at least 20. We do not agree with the department in holding that the annual move of the Residency office should not be permanently abandoned. Srinagar enconced in the Himalayas at a latitude of 34° N. is situated at an altitude higher than the altitude of many provincial summer headquarters and we can see no justification for the move to the still cooler heights of Gulmarg. Of course, we have no objection to the Resident himself going to Gulmarg if and when work requires it; our objection is to the systematic exodus to Gulmarg

in the summer. It cannot be said that even at that time Srinagar ceases to be pleasant as a place of residence. We cannot justify an arrangement which, in effect, gives the Resident three authorised headquarters, *viz.*, Srinagar, Gulmarg and Sialkot.

- (v) The provision for other allowances should be reduced by 20 per cent.; saving .01.
- (vi) We further presume that the provision of Rs. 5,600 for passages in the 1931-32 budget will not have to be repeated; there was no provision for this item in the 1930-31 budget.
- (vii) In the light of the actuals of 1929-30 the provision for secret service expenditure should be reduced to Rs. 500; saving Rs. 400.
- (viii) The provision for tour charges should, in view of the proposed abandonment of the visits of the British Joint Commissioner and of the Residency staff to Gulmarg, be reduced by at least Rs. 2,500.
- (ix) Miscellaneous charges should similarly be reduced from Rs. 7,200 to Rs. 5,000.
- (x) While we agree that the entire provision of Rs. 3,000 for medical contingencies cannot be deleted, it should, in view of the department's own proposal to abolish the charitable dispensary at Leh, be possible to save .01, in addition to the Rs. 900 referred to in (d) (ii) above.
- (xi) Finally we suggest the amalgamation of the Punjab States Agency and the Kashmere Residency [*vide* paragraph 5 (c) (i).] *Prima facie*, a combined agency with seasonal headquarters at Lahore and Srinagar is feasible. We doubt if such a Residency will have more difficult problems to handle than, *e.g.*, the Western India States or Rajputana or Central India Agency. We have, however, not been able to examine the departmental witnesses orally in detail on this question, and are therefore content to propose that this question should be examined again from the point of view of permanent economy.

(e) *Summary of savings.*—On our proposals the total reduction of expenditure will be .67. In view of the possibility that some provision might be needed for passages even in 1932-33 we propose a slightly lower figure, *viz.*, .65 for the reduction of expenditure which, we consider, is feasible and should be effected at least in the next few budgets.

B.—Gilgit Agency.

(4) (a) *Introductory.*—A Political Agency under the control of the Residency at Kashmere is maintained at Gilgit for the more effective control of political relations in the north-western portion of Kashmere State. It comprises the frontier tracts of Hunza, Nagar and Chilas and certain other smaller tracts which are separated from the Kashmere valley proper by high

and difficult mountain ranges. This country lies directly to the east of the northern portion of the tribal area covered by the Chitral Agency and most of it is under the direct administration of the Kashmere State. It is essentially a frontier, area for the defence of which a military force known as the Gilgit Scouts is maintained, the cost being shared between the British Indian Government and the Kashmere Durbar in the proportions of 1 to 3.

Besides his pay, the Political Agent at Gilgit gets a special pay of Rs. 200 and a language allowance of Rs. 200. An Assistant Political Agent is stationed at Chilas and gets a language allowance of Rs. 200 per mensem, one half of which is borne by the Kashmere State. The Political Agent at Gilgit is assisted by an Indian Assistant on Rs. 300—20—400. A Medical Officer (on Rs. 1,100 *plus* a special pay of Rs. 200) is maintained at the cost of the Kashmere Durbar. The Gilgit Corps of Scouts is officered by two officers, who, besides their rank pay, get a staff pay and a language allowance. In addition, a part-time military officer is paid Rs. 50 per mensem for performing the duties of military assistant to the Political Agent. An establishment of 19 is maintained at a cost of Rs. 22,700.

(b) *Expenditure*.—The total provision of 1·90 lakhs for this Agency includes 1·785 for political agency proper and Rs. 3,200 for Entertainment Charges and Rs. 8,600 for "Other Political Subsidies at Gilgit". Of the provision of 1·785 lakhs for the agency itself, officers' pay absorbs ·734 and the pay of establishments ·227. Of the other provisions the most important are Rs. 26,700 for travelling allowances, Rs. 5,300 for passages, Rs. 3,700 for grain compensation allowance, Rs. 9,100 for military stores for the Gilgit Corps, Rs. 3,500 for Durbar presents, Rs. 2,000 for secret service money, Rs. 5,200 for the construction of telephone lines and the maintenance of telegraph lines and Rs. 10,400 for the Hunza-Misgar telegraph line. The following table shows the progress of expenditure under Account I:—

	1913-14.	1922-23.	1924-25.	1925-26.	1926-27.	1927-28.	1929-30.	1931-32.	
Pay of officers	·45	..	·65	·62	·58	·73	
Pay of establishment	·13	..	·17	·20	·18	·23	
Allowances	·13	..	·24	·26	·23	·36	
Supplies and Services	·02	..	·15	·24	·14	·14	
Secret Services	·02	·03	·03	·02	
Contingencies	·20	..	·50	·31	·43	·29	
Grants-in-aid	·02	
<i>Deduct</i> —Recovery from Durbar.	—·34	—·53	..	..	..
Total	·81	·93	1·13	1·39	1·13	1·59	1·58	1·70

Compared with the actual expenditure of 1·13 lakhs in 1924-25, there has been an increase of Rs. 77,386 in the total 1931-32 provision for this agency.

In fact, the increase is even larger, because a part of the expenditure has now gone to the High Commissioner's budget. The increase was caused by—

	Rs.	
(i) Creation of the appointment of Assistant Commandant of the Scouts and revision of pay of officers	13,550	
(ii) Revision of pay of establishments, increments, etc.	15,140	
(iii) Passages	5,300	
(iv) Increased provisions under—		
(a) Travelling and grain compensation allowance ..	12,256	
(b) Furniture	848	
(c) Durbar presents	1,505	
(d) Postage, tour charges and other contingent expenditure	2,628	
(e) Subsidies to the Mirs of Hunza and Nagar and the Governor of Ishkoman	1,450	
(f) Entertainment charges	266	
	18,953	18,953
(v) Accounting changes, viz., transfers of provisions—		
(a) From the Military estimates on account of military stores for the Gilgit Corps of Scouts, and	9,100	
(b) for the Hunza, Misgar telegraph line, and ..	10,400	
(c) recoveries from Indian States now shown as "Receipts."	25,405	
	44,905	44,905
(vi) Provision for passages of military officers		1,800

Even after allowing for the growth of expenditure due to accounting changes the expenditure on this agency may be said to have grown from 1·13 in 1924-25 to a figure well above 1½ lakhs.

(c) *Departmental offer and our proposals.*—The department has offered to reduce the expenditure by 14. We do not know the details nor the extent to which this offer involves permanent savings. In our opinion a real growth of expenditure from 1·13 in 1924-25 to about 1·54 lakhs in 1931-32 is not justified by the history of this agency since 1924-25. Our proposals are:—

- (i) The post of Assistant Commandant of the Scouts is a recent creation. Although the Kashmere Durbar pays three-fourths of the cost of the Gilgit Scouts, we see no reason why this newly created post should not be abolished. We assume a gross saving of about Rs. 10,000. The net saving to central Revenues will be only one-fourth.
- (ii) Since the Commandant of the Scouts is available, it should not be necessary to repeat the present provision of Rs. 600 for military assistance to the Political Agent.
- (iii) We agree that for an outlying agency like Gilgit a medical officer is necessary. But we are not sure that it is necessary to maintain a costly medical officer on Rs. 1,100 plus Rs. 200. It is true that the Kashmere Durbar pays the cost but in our opinion that fact

by itself is not a valid reason for not reducing the status of the post. We shall, however, not take into consideration such saving as may result from this suggestion.

(iv) As in the case of the Kashmere Residency so also here we find that the expenditure on Allowances has grown up unduly fast during the last two years, viz., from ·23 in 1928-29 to ·36 in the current year. The various allowances should be reduced by about ·09 as below :—

(a) In view of the reduced scales for travelling allowances, the provision of Rs. 26,700 should be reduced by Rs. 2,700.

(b) The provision for grain compensation allowance may perhaps be reduced by about Rs. 700.

(c) We presume that the provision of Rs. 5,300 for passages will not have to be repeated in 1932-33 and that the whole of it will go to reduce the expenditure. Our final proposal however retains some provision for passages in future budgets.

(v) Out of the provision of Rs. 29,200 for Contingencies, Rs. 15,600 is on account of telegraph and telephone lines. Besides expenditure on Contingencies is about the lowest since 1926-27. We therefore propose only a small reduction of Rs. 1,200.

(d) *Summary of savings.*—While our proposals yield a saving of a little over ·20, we recognise that provision for passages will have to be made in future years. We reckon that they will permanently reduce the expenditure by at least ·17 lakh. This is the figure we shall take into calculation.

C.—The Punjab States Agency (4·91 lakhs).

(5) *Introductory.*—(a) This Agency comprises 13 States* with an area of 29,000 square miles ; four are at present under administration owing to the minority of their rulers. The Agency headquarters are at Lahore and new buildings for the Agency are being put up there.

The Agent to the Governor-General is a First Class Resident (on Rs. 4,000 p. m. plus a sumptuary allowance of Rs. 250 and a fixed travelling allowance of Rs. 200) and has two Assistants on the Political Department time-scale. The clerical establishment numbers 28 and servants 19.

(b) *Expenditure.*—Including the provision under Account II, viz. 3·00 lakhs provided for the construction of the Agency buildings at Lahore, ·11 provided for the payment of customs duty on arms and ordnance stores supplied to the Indian States under this Agency and Rs. 1,000 provided for the firing of salutes, the total provision for this Agency in 1931-32 is 4·91 lakhs.

Of the total provision of 1·79 lakhs under Account I, officers' pay alone absorbs ·773 and that of establishments ·543. The other important provisions are Rs. 24,900 for travelling allowances, Rs. 1,800 for the maintenance of a Government car and Rs. 10,900 for miscellaneous contingent expenditure.

Account II will, as usual, be dealt with separately.

*Patiala, Bahawalpur, Kapurthala, Nabha, Jind, Faridkot, Malerkotla, Sirmor Chamba, Mandi, Bilaspur, Suket and Loharu.

The expenditure under Account I has grown as below :—

	1913-14.	1922-23.	1924-25.	1926-27.	1927-28.	1928-29.	1929-30.	1931-32.	
<i>Account I.</i>									
Pay of officers	1·03	·71	·63	·68	·73	·77	
Pay of Establishment	·55	·42	·46	·50	·49	·54	
Allowances	·76	·14	1·42	·16	·18	·26	
Secret Service	
Supplies and Services	·02	
Contingencies	·21	·19	·16	·14	·21	·16	
Total Account I	·76	1·93	1·42	1·48	1·43	2·32*	1·68	1·79

The Agency buildings under construction at Lahore are estimated to cost nine lakhs, of which 6·31 is estimated to be the outlay up to the close of the financial year 1931-32.

Against the total provision of 4·91 lakhs in the current year the corresponding actual expenditure in 1924-25 was 1·42 lakhs. Excluding 3·00 provided for the Agency buildings, the expenditure has grown during these seven years from 1·42 to 1·91 lakhs. The net increase of a little over ·49 was caused by a gross increase of ·60 counter-balanced by a decrease of ·11. The raising of the status of the Agency from the Second to the First Class involved an additional recurring expenditure of Rs. 13,800 (*viz.*, 12,000 on the pay of the A. G. G. and Rs. 1,800 for the maintenance of a motor car). The appointment of four additional clerks (Rs. 1,960), provision for secret service expenditure (Rs. 100), salutes (Rs. 1,000), customs duty (Rs. 11,000), increased provision for touring (Rs. 19,440), and for leave salary and increments (Rs. 13,313) are the other items contributing to an aggregate increase of Rs. 60,613. On the other hand the transfer of the provision for sterling overseas pay to the High Commissioner's budget and the posting of junior officers has effected a reduction of Rs. 9,371, and as a result of the recent ten per cent. cut in the provision for contingencies there has been a further decrease of Rs. 1,761 under "Contingencies". Taking out the 3·00 lakhs for the Agency buildings, Rs. 11,000 for customs duty and Rs. 1,000 provided for salutes but adding the approximate provision in the High Commissioner's budget it may be said that as compared with 1924-25 this Agency is now costing about ·47 (*i.e.*, 33 per cent.) more.

(c) *Departmental offer and our proposals.*—The reduction offered by the department is ·05. We consider it inadequate and make our own proposals.

(i) *Question of amalgamation.*—We shall first deal with the question of amalgamation and thereafter suggest specific economies. This was examined in 1922. The department's view was and is that amalgamation with the Kash-

*Includes ·74 for works which is now provided for under Account II.

mere Residency or the Rajputana Agency is not possible. Its arguments may be summarised as below :—

- (I) The Kashmere Residency not only looks after Kashmere State but also after the frontier tracts of Hunza, Nagar and Chilas which together with other smaller tracts under the Gilgit Agency cover an area of 94,000 square miles. One A. G. G. would not be able to look after such a large area, particularly since Kashmere is a large frontier State and both Srinagar and Jammu are only accessible by road.
- (II) The amalgamation would be unpopular with the rulers of the States concerned.
- (III) No saving would result, since reduction in personnel would be counter-balanced by increase in travelling allowances and other charges, especially on the moves between Lahore and Kashmere. .

The department's arguments do not appear to us to make out a strong enough case against amalgamation. For the maintenance of political relations in the north-west of Kashmere there already is a special though subordinate agency. Secondly, we observe that the Resident in Kashmere moves from Srinagar to Sialkot and again from Srinagar to Gulmarg. Similarly the Agent to the Governor-General of the Punjab States also moves up to the hills—at any rate for a part of the hot weather. Some of these moves would become superfluous, if the headquarters of the amalgamated agency are fixed at Lahore in winter and Srinagar in summer. The present provisions for travelling allowances, rents, rates and taxes, tour charges and other miscellaneous charges in these two agencies are as below :—

				The Punjab States Agency.	Kashmere Residency.
Travelling allowances	..	..	..	24,900	31,200
Tour charges	..	..	..	..	7,500
Miscellaneous contingent charges	..	..	..	10,900	7,200
Pay of menials	..	..	..	..	2,300
Postage and Telegrams	..	..	..	5,000	6,600

These liberal provisions show that the savings on the reduction of personnel by the amalgamation of these two agencies need not by any means be swallowed up by additional expenditure on account of the move from Lahore to Srinagar. To us the amalgamation appears to be a natural and practicable measure of economy and we recommend that the position should be examined afresh.

While *prima facie* we think that the amalgamation of this agency with the Kashmere Residency is feasible, we do not rule out the possibility of the balance of advantage being found in amalgamation with the Rajputana Agency. For the present, however, we are satisfied with the department's case against amalgamation with Rajputana.

(ii) We have considered whether any reduction of superior personnel is possible. The department's view may be summarised as below :—

This A. G. G., unlike other First Class Residents has no local political officer under him. Of the only two officers, *viz.*, a Secretary and an Under-Secretary,

one or the other has to accompany him on tour in the States and to the hills in the summer ; the other remains at headquarters to run the office. The A. G. G. will not be able to carry on his duties if he is left with only one officer to assist him.

We do not consider it necessary that the A. G. G. should be accompanied by one or the other of the two officers as a matter of course. We presume that the A. G. G. is merely permitted to recess in the hills ; if so, we do not see why the usual practice, *viz.*, that officers recessing in the hills do not take with them their Assistants, should not be applicable to this case also. Further, we observe that this A. G. G. has to deal with only thirteen states and, so far as we are aware, he has no " administered areas " to look after. The topography of most of the states is such that boundary disputes which generally cause a certain amount of work in the agency offices are not likely to be as numerous as, *e.g.*, in Central India or Rajputana. We are strongly of the view that the Under-Secretary's post can be abolished and we recommend accordingly. The direct saving will be only Rs. 9,600. But the consequential savings under travelling allowances and contingencies, etc., will, we estimate, yield an aggregate saving of about .18.

(iii) Since 1924-25 clerical staff has been strengthened by the addition of four clerks. Ten per cent. of the clerical establishment, *i.e.*, 3 posts should be abolished ; saving .05.

(iv) The department has offered .05 under travelling allowances. This offer in effect merely amounts to an offer to reduce the provision to the level of the actuals of 1929-30. We cannot see sufficient justification for an increase of Rs. 19,440 in the provision for touring charges in the course of seven years, and we recommend that the provision for allowances, etc., should be taken back to the figures of 1924-25, 1926-27 or 1927-28.

We have, generally speaking, recommended reduction by one-half of sump-tuary allowances to political officers. In this case, however, it may be reduced to Rs. 150 p. m.

We assume a total reduction of .13 under this head.

(v) If the provision for Allowances is reduced as proposed by us, the provision for a motor car at public expense, *viz.*, Rs. 1,800 may be left as it is. We may, however, draw attention to the unduly liberal provision of Rs. 15,000 made in the 1930-31 budget for the purchase and maintenance of a motor car for the A. G. G. We think that the dignity of the A. G. G.'s office would not have suffered if a cheaper car costing not more than about half that amount had been purchased.

(vi) At this stage we make no recommendation about the Agency build-ings. If our presumption, that some provision will be needed in 1932-33 to complete the buildings, is correct, such provision may be treated as additional to the budget proposed by us.

(d) *Summary of savings.*—On our proposals the total reduc. ion of expendi-ture will be 3.00 (works) + about .30 from specific proposals and suggestions. For the present we leave out of consideration the reduction resulting from " amalgamation ". We take account of saving under works in chapter XX.

D.—British Consul-General at Kashgar.

(6) (a) *Introductory.*—The history of this Consulate-General goes back to 1893 when the Government of India stationed an officer at Kashgar under the designation of "Special Assistant for Chinese Affairs to the Resident in Kashmere". In 1904 the designation was altered to that of British Consul. The Chinese official recognition of the British Government's claim to consular representation at Kashgar was accorded only in 1908.

The Consul-General's pay is fixed in sterling at £800—25—1,000 *plus* an acting allowance of £337/10 per annum and a local allowance of £100 per annum. He also gets a sumptuary allowance of Rs. 250 p. m. and a special pay of Rs. 250 p. m. We observe that the Consul-General's pay is shown on the Political Department time-scale, but we presume that the officer is drawn from the British Consular Service.

The Vice-Consul gets a pay of Rs. 850, a special pay of Rs. 150, a fixed travelling allowance of Rs. 175 and sterling overseas pay of £25. The post, however, is a recent creation.

Besides a permanent establishment of 4 clerks and one medical subordinate there is a provision for the employment of temporary establishments; the 1931-32 estimates also contain a new item of Rs. 2,500 for additional medical department establishment.

(b) *Expenditure.*—Apart from the provisions for the pay of officers and establishments, the important provisions are Rs. 23,500 for travelling allowance, Rs. 3,200 for house-rent and other allowances, Rs. 3,500 for Durbar presents, Rs. 11,300 for office allowance and Rs. 3,000 for contributions.

The following table shows the growth of expenditure :—

	1924-25.	1925-26.	1927-28.	1928-29.	1929-30.	1931-32.
Pay of Officers .. ..	..	..	·13	·29	·34	·34
Pay of establishment .. ..	..	..	·10	·11	·14	·17
Allowances, etc. .. ..	..	..	·21	·42	·28	·31
Supplies and Services	·82	..	·01	..	·03	·04
Secret Service .. ..	..	..	·05	·05	·05	·06
Contingencies .. ..	..	..	·07	·07	·21	·19
Grants-in-aid .. ..	..	..	..	..	..	·03
Total	·82	·56	·95	·88	1·00	1·14

Compared with 1924-25 the expenditure has grown by ·33 and compared with 1925-26 it has a little more than doubled. The appointment of a Vice-Consul (Rs. 11,900), provision for temporary establishments (Rs. 2,800), additional medical establishment (Rs. 7,000), appointment of an additional clerk (Rs. 2,100), accrual of increments (Rs. 1,719), outfit allowance for the Consul-General (Rs. 1,000), increased provision under Allowances (Rs. 11,200), a new provision for Durbar presents (Rs. 3,500), increased provision under Secret Service (Rs. 1,757), and provision for leave, pension and passage contribution (Rs. 3,000) are the factors that contributed to a gross increase of ·46 in the expenditure. On the other hand the transfer of the provision for overseas pay to the High Commissioner's budget and the appointment of a junior officer

and the fact that the 1924-25 expenditure included the provision on account of the joining time pay necessitated by a change in the incumbency of the Consul-General's post contributed to a decrease in the expenditure by Rs. 11,502. Further, the withdrawal of the wireless has reduced the contingent expenditure by Rs. 1,905. The net increase of expenditure thus amounts to $\cdot 33$. In fact, allowing for overseas pay paid out of the High Commissioner's budget, the expenditure has during the last seven years grown by about $\cdot 44$, i.e., by a little under 54 per cent.

(c) *Our proposals.*—The department has offered a reduction of $\cdot 19$, the principal item being the abolition of the recently created post of Vice-Consul. We hold that India has no vital political or commercial interests in Chinese Turkestan sufficient to justify an expenditure of over a lakh of rupees per annum. Hence, we cannot justify either the present scale of expenditure or the manner in which it has rapidly grown since 1924-25. Subject to our view that the entire liability should be taken over by His Majesty's Government and pending negotiations to that effect we propose that the expenditure should be reduced by $\cdot 30$ to about the level of the actuals of 1928-29. Further, the Vice-Consul's post, created since 1924-25, should, as contemplated by the department, be abolished.

The specific economies suggested by us below show that a reduction of expenditure by $\cdot 36$ is feasible. We shall, however, be content if the department effects a saving of at least $\cdot 30$.

(i) The abolition of the Vice-Consul's post will yield a saving of $\cdot 12$ in the Indian budget. The abolition of the confidential clerks' post which has been proposed by the department will yield, say, $\cdot 03$.

(ii) The new 1931-32 provision of Rs. 2,500 for Medical Department establishment should also be deleted.

(iii) The provisions under travelling, house-rent and other allowances have increased by Rs. 11,200 since 1924-25. Even in 1931-32 they were increased by Rs. 4,500. A reduction of Rs. 10,000 should be made in the total provision of $\cdot 31$.

(iv) The sumptuary allowance should be reduced to a figure not exceeding Rs. 150 p. m., saving $\cdot 01$. This has been included in the saving of $\cdot 10$ proposed in (iii) above.

The total reduction of Rs. 10,000 in the current provision of $\cdot 31$ for Allowances will still leave $\cdot 21$.

Considering that in 1929-30 the actual expenditure was $\cdot 22$ and that only one officer will now be left and also that the outfit allowance for the Consul-General was presumably a non-recurring item and will not have to be repeated, we think, our proposal to effect a reduction of $\cdot 10$ is feasible.

(v) The provision for secret service money should be reduced from Rs. 6,000 to Rs. 4,000; the actuals of 1929-30 being Rs. 4,845.

(vi) The provision for Durbar presents should be reduced from Rs. 3,500 to about Rs. 2,000. We may here add that in 1924-25 there was no provision for, or expenditure on, Durbar presents.

(vii) Our scrutiny of the other provisions shows that there is ample room for additional economies to the extent of about Rs. 5,000.

We further observe that officers have been given liberal extra emoluments in the shape of allowances. In the case of the North-West Frontier Province and Baluchistan we have already suggested that the entire system of special pays and allowances should be carefully scrutinised and substantial economies effected by reducing the amounts. We presume that officers of the Political Department are liable for service wherever a political agency or a consulate financed wholly or partly from Indian revenues exists. If so, extra emoluments in the form of accretions to pay should not be granted except where the special circumstances of any particular station justify the grant.

E.—Ayub Khan Agency.

(7) (a) *Introductory.*—A self-contained Agency used to be maintained in connection with the supervision of the descendants of *ex*-Amir Ayub Khan. In 1923-24, however, the work was transferred to the Deputy Commissioner of Lahore. The total provision for 1931-32 is Rs. 3,900. A non-gazetted Assistant Political Officer and three servants are maintained at a cost of Rs. 2,900 and contingent expenditure amounts to Rs. 1,000.

In 1924-25 the actual expenditure amounted to Rs. 3,366; the increase of Rs. 534 has been due to variations of pay.

(b) *Proposals.*—In our opinion the time has now come when in the interests of retrenchment no special staff should be employed for this work. We have taken due note of the events that took place and the difficulties that were experienced in connection with the recent disturbances in Afghanistan and the escape of some of the Afghan refugees or detenus. But we hold that reasonably effective supervision can be exercised by making over the work to the provincial establishments working under the control of the Deputy Commissioner, Lahore. In particular, we propose that the post of Assistant Political Officer should be abolished. We presume that when our proposal is accepted, a smaller provision for rents, rates and taxes than the present figure of Rs. 700 will suffice. To sum up, we would fix the future budget at about Rs. 1,000 and merge it in the payment to the Punjab Government for agency work.

F.—Gartok Trade Agency.

(8) (a) *Introductory.*—This is one of the three trade marts in Tibet which were thrown open to trade through and with India as a result of the Anglo-Tibetan trade convention of 1904 [*vide* paragraph (13), chapter XII].

The Trade Agency is in charge of a combined Trade Agent and Sub-Assistant Surgeon. The only other important member of the establishment is an accountant costing Rs. 1,200. The winter headquarters of the Agency are at Simla.

(b) *Expenditure.*—The provision for travelling allowance is Rs. 6,000 and for Durbar presents Rs. 500. The pay of menials is found out of the provision for contingencies. The following table shows the progress of expenditure:—

	1924-25.	1926-27.	1927-28.	1928-29.	1929-30.	1931-32.
Pay of Officers05	..
Pay of establishment05	..05	..03	..04
Travelling allowance17	..07	..06	..06
Supplies and Services02	..02	..01	..02
Contingencies..04	..04	..05	..05
Total17	..18	..17	..16
					..25	..17

In connection with the actual expenditure of 1929-30 we should explain that in that year the temporary appointment of Assistant Superintendent, Simla Hill States, on work connected with the Gartok Trade Agency cost Rs. 4,866.

In 1924-25 the actual expenditure on this agency was Rs. 16,792; the budget provision for 1931-32 is Rs. 17,200. The increase is accounted for by larger expenditure on travelling allowances.

(c) *Proposals*.—The expenditure is only .17 and except for the year 1929-30 has been fairly steady. Since it has been found feasible so far to manage this agency from Simla during the winter, the question of amalgamating it with the Simla Agency might be considered. We are aware of the department's objection to the giving up of representation of the Indian Government at the three Tibetan marts. But we consider that it is possible to provide for this by stationing only one official to work as trade agent and accountant. We do not see why it should be necessary to send out a medical man. Free medical treatment may be a comparatively cheap and easy way of paving the way for the establishment and maintenance of trade relations. If so, we suggest that a specially selected medical man suitable for work as trade agent and capable of controlling accounts might be selected. Since we refrain from making a definite recommendation, we propose to leave out of our calculation such savings as might result from our suggestion.

We should, however, add that what we have stated here is subject to what we have stated in regard to the general question of India's liability for expenditure on the "Trade Agencies" in Tibet (*vide* chapter XII, paragraph 14).

G.—*Simla Agency and Dera Ghazi Khan Agency.*

(9) Political control over the 27 states situated in the Simla hills is still exercised by the Punjab Government. The same Government is also responsible for political relations with the tribes occupying a strip of the tribal territory between Baluchistan and the Punjab district of Dera Ghazi Khan. For the performance of this agency work the local Government of the Punjab receives Rs. 37,100 and Rs. 19,600 in respect of the Simla and Dera Ghazi Khan agencies respectively.

The arrangements appear to us to be suitable and we propose no alteration therein. The amounts also appear to us to be fair. We have thus no reduction to suggest. In this connection our proposals in paragraph (7) may be seen.

H.—*Training of Political Officers.*

(10) We shall deal with this expenditure separately along with the corresponding provisions in the other provinces (*vide* chapter XXIII). Our proposals will reduce the expenditure by .37.

(11) *Summary*.—On our proposals, the total reduction of political expenditure in the Punjab under Account I will be 4.47 lakhs as follows:—

Kashmir Residency (.67), Gilgit Agency (.17), Punjab States Agency (3.30), Consulate-General, Kashgar (.30), Ayub Khan Agency (.03), Gartok Trade Agency (*nil*), Simla Agency (*nil*), Dera Ghazi Khan Agency (*nil*). Of this 3.00 will be taken account of under "Works" (Chapter XX).

CHAPTER XVII.

OTHER AGENCIES AND RESIDENCIES.

Bengal.

(1) *Explanation.*—The total 1931-32 provision for political expenditure in Bengal is Rs. 52,800, viz., Rs. 11,400 under Account I, and Rs. 41,400 under Account II. We shall here deal with only Account I.

The following table, however, shows the progress of expenditure under both Accounts :—

<i>Account I.</i>			1913- 14.	1922- 23.	1924- 25.	1926- 27.	1927- 28.	1928- 29.	1929- 30.	1931- 32.		
Pay of officers	·086	·088	·074	·065	·064	·072		
Pay of establishment	·037	·023	·025	·027	·023	·024		
Allowances	·012	·043	·006	·001	·001	·005		
Contingencies	·001	·013	·012	·014	·014	·013		
Total	·14	·04	·136	·167	·117	·107	·114	
<i>Account II.</i>												
Refugees, etc.	·05	..	·681	·290	·296	·283	·258	
Miscellaneous and Other charges	·04	..	·007	·075	·103	·079	·083	·156
Total	·09	·04	·688	·365	·399	·367	·369	·414
GRAND TOTAL			·23	·04	·824	·532	·516	·474	·471	·528

(2) *Cooch Behar Agency.*—The Commissioner of Rajshahi Division gets a special pay of Rs. 300 per mensem from central revenues for the performance of duties as Political Agent, Cooch Behar State. A share of the salary of the Additional Superintendent of Police, Darjeeling, is also debited to central revenues.

The Cooch Behar Agency has a small establishment costing Rs. 2,400. The total provision for Political Agents is Rs. 11,400 and the department has offered a reduction of Rs. 1,000.

(3) Besides Cooch Behar there is another state in Bengal, viz., the State of Hill Tippera or Tripura. The Magistrate and Collector of Tippera district is, *ex-officio*, political agent for this state. But he does not get any special pay. Further, we note that there is no provision in the estimates for payment to the Government of Bengal for agency work done by their establishments including the Commissioner of Rajshahi Division, the Magistrate and Collector of Tippera and the Collector of 24 Parganas.

(4) *Proposals.*—We have come across numerous cases (*e.g.*, the one quoted in paragraph 3 above) in which officers of the Provincial Government do not get any special pay for discharging political duties for the Government of India and therefore even if it is found impracticable to reduce the provision of Rs. 3,600 for the special pay to the Commissioner of Rajshahi, the question why the payment should not be made to the Local Government rather than direct to an officer of that Government should be considered. We may here add that the Government of Assam have already reduced the special

pays and allowances of political officers under their control from Rs. 400 to Rs. 250 in one case and from Rs. 400 to Rs. 150 in the other. For purposes of calculation we shall assume that the special pay will be reduced by about one-half. Further, we recommend acceptance of the departmental offer of Rs. 1,000, which we presume does not include any saving on the reduction of the special pay mentioned above.

The total reduction will be Rs. 2,800.

United Provinces.

(1) *Explanation.*—The aggregate 1931-32, provision for political expenditure in the United Provinces is 1·87 lakhs, viz., ·65 under Account I and 1·22 under Account II.

Account I.—Out of ·65 lakh Rs. 38,000 is the provision for political officers under training as probationers in the United Provinces and the balance of Rs. 27,300 is the Central Government's share of the cost of the United Provinces Government's establishment employed on political work.

Most of the provision under Account II is for charges in connection with the late *Ex-Amir* of Afghanistan and Afghan Refugees and State Prisoners. We shall deal with this account separately.

(2) *Organisation.*—With the States of Rampur, Benares and Tehri (Garhwal) political relations are maintained through the agency of the local Government. The Governor is, *ex-officio*, Agent to the Governor General and the Commissioners of Rohilkhand, Benares and Kumaon are the respective political agents.

(3) *Expenditure.*—The expenditure has varied as below :—

1922-23.	1926-27.	1927-28.	1928-29.	1929-30.	1931-32.
·31	·55	·44	·69	·41	·65

The growth of expenditure as compared with 1922-23 is due to (a) the increased provision for the training of probationers of the Political Department and (b) an increase of ·09 in the contribution to the Local Government due to the inclusion of leave and pensionary charges which had not formerly been claimed by the Local Government.

In 1922-23 no expenditure was incurred on the training of probationers.

(4) *Our proposals.*—The department has proposed no reduction. So far as the payment to the Local Government is concerned, we consider the present arrangement satisfactory and economical. As regards probationers under training who are deputed to other provinces also, we propose to make a consolidated recommendation in this respect. *Vide* Chapter XXIII.

Burma.

(1) *Explanation.*—Besides the provision of 61·71 lakhs for the "Watch and Ward" of the Burmese frontier, of which some portion is, in essence, "Political expenditure", the 1931-32 estimates contain a provision of 2·62 lakhs for Burma directly under head "Political".

That province comprises various backward areas, the most important of which are the Shan States with an area of 50,309 square miles and a population of 1,200,000 (1921 Census) and the Chin hills with an area of 10,250 square miles and a population of 1,40,000. The political officers advise and assist the 48 Shan and Karen chiefs, who administer the Shan States and the Karenni. They are also responsible for the maintenance of peace on the border. In the Chin hills the officers have to deal with a large number of villages belonging to different tribes speaking different dialects; in other respects, their duties are similar to those of officers in the Shan States.

As the country covered by Chin hills is a "backward tract", the expenditure is borne by central revenues, the subject of "backward tracts" being central. The Federated Shan States are governed by the Governor of Burma and the expenditure is not included in the central estimates. The revenues of the Shan States are allocated not to the Government, but to the Governor, of Burma for the purpose of the administration of these States.

The system of administration is loose and is still confined to bare necessities. It is claimed that as Pax Britannica extends its sway, the administration tends to become more intensive and more costly.

(2) *Expenditure.*—The total provision of 2·62 lakhs is, as usual, divided into two Accounts—I and II. The former amounting to 1·94 lakhs relates to "Agencies and Residencies" and the latter—·68 lakhs—to entertainment charges, refugees and state prisoners, grants and compensations. Account II will be dealt with separately.

Of the 1·94 lakhs under Account I, officers' pay absorbs ·83 and that of establishments, ·38. Travelling, house-rent, and other allowances account for ·46. The only other important provision is that of Rs. 17,500 for contract contingencies.

The expenditure under each Account has varied as shown by the following table:—

	1922-23.	1924-25.	1926-27.	1927-28.	1928-29.	1929-30.	1931-32.
<i>Account I.</i>							
Pay of officers	1·94	·66	·64	·84	·80	·70	·84
Pay of establishment	·90	·31	·31	·32	·32	·32	·38
Allowances	·69	·42	·42	·44	·40	·42	·46
Supplies and Services	·08	·01	·02	·01	·03	·02	·03
Contingencies	·27	·12	·12	·21	·17	·21	·22
Grants-in-aid .. ..	..	..	·01	..	·01	·01	·01
Total Account I	3·88	1·52	1·52	1·82	1·76	1·68	1·94
<i>Account II.</i>							
Entertainment charges	·03	·02	..	..	·01	·02	·03
Refugees, etc.	·02	·13	·40	·50	·45	·87	·51
Miscellaneous and Other Charges .. ..	..	..	·13	·14	·13	·13	·14
GRAND TOTAL	3·93	1·67	2·05	2·46	2·35	2·70	2·62

As regards Account I, the principal items which contributed to the growth of expenditure from 1·52 in 1924-25 to 1·94 in 1931-32, are :—

- (a) Increase of pay of Extra Assistant Commissioners from Rs. 200—1,250 to Rs. 400—1,250 and the provision of Rs. 6,000 in 1931-32 for leave salary. The increase so caused has been partly counter-balanced by the abolition of a post of Superintendent on Rs. 450—2,250.
- (b) Addition of 22 clerical and menial posts, on account of the new area added to the Chin Hills charge.
- (c) Increase under Allowances, Supplies and Services and Contingencies for the same reason. There is also a non-recurrent provision of Rs. 3,990 for the construction of quarters and stable for the mule establishment of the Assistant Superintendent at Kampetlet.
- (d) Accrual of increments.

(3) *Organisation*.—There are seven political officers—a Superintendent (pay Rs. 450—2,250) and six Assistant Superintendents (paid at rates varying from Rs. 400—1,250). An establishment of 66 (myooks, interpreters, clerks and servants) is maintained at a cost of Rs. 3,800.

(4) *Our proposals*.—No saving or reduction of expenditure has been offered by the department. We observe that in spite of the reduction of a post of Superintendent the expenditure, as compared with 1924-25, has grown by Rs. 94,489 in the aggregate and even in Account I by 42 lakh. The Inchcape Committee was informed that it was proposed that the Central Government should make a fixed contribution for political expenditure. On the ground that it was undesirable that while the Local Government was responsible for the administration, the Central Government should be liable for increased expenditure, that committee recommended that the proposal should be adopted. We do not know why this recommendation was rejected ; we consider it was sound and we reiterate it. We see little reason why this isolated backward tract should not be left more to itself. We observe that philanthropic motives were urged in support of the present policy, viz., that if *Pax Britannica* is not gradually placed on a firm basis in this area, tribal feuds, murders and enslavement would continue. Assuming that this is the real or the main consideration, we can still see no reason why the central taxpayer should be made liable for expenditure capable of indefinite growth.

Considering the backwardness of the tract and the loose administration obtaining therein, we are doubtful if the receipts to the central revenues are, or will ever be, appreciable. Though we do not accept the validity of the reasons adduced in defence of the increase of over 50 per cent. in the expenditure during the last seven years, we shall not go so far as to recommend that the provision should be reduced to the 1924-25 level. We propose that the saving of 37 from the specific proposals made by us below should be effected and as recommended by the Inchcape Committee the expenditure should be stabilised—we suggest stabilisation at 2½ lakhs—and the Local Government of Burma should be invited to undertake the administration in consideration for an annual payment not exceeding 2½ lakhs.

Our specific proposals are :—

- (a) Two of the six posts of Assistant Superintendents should be abolished. Establishment, which numbered 58 last year but has been pushed up to 66 in the current year, should be reduced to at the most 60. A saving of at least 20 should be effected on staff.
 - (b) The provisions for Allowances, Supplies and Services and Contingencies should be reduced by 11 in the aggregate. Even then the provision will be Rs. 5,000 more than in 1924-25.
 - (c) We also assume that the omission of the non-recurrent provision of Rs. 3,900 for the construction of quarters and stables will automatically reduce the future provision by 04.
- (5) *Summary of savings.*— 37 lakh. ⁵

Bihar and Orissa.

(1) *Introductory.*—The Orissa Agency comprises 26 States with an area of 28,664 square miles and a population of 4.64 million. Seven of them are at present under the direct administration of the Local Government owing to the minority of their rulers. The fact that all the States do not possess plenary jurisdiction gives rise to the problems of “residuary jurisdiction”.

The Agency is manned by a “Political Agent and Commissioner for the Orissa Feudatory States” (pay Rs. 2,150 *plus* overseas pay plus a duty allowance of Rs. 250*) and an Assistant Political Agent on Rs. 1,200. The former has powers corresponding to those of the Board of Revenue under any law for the time being in force in the district of Angul and, broadly speaking, the ordinary powers of a High Court as defined in the codes. The latter has the powers of a Court of Sessions in some of the States. The Deputy Commissioner of Angul District is also Assistant to the “Political Agent and Commissioner” and tries sessions cases from certain States but gets no special pay or allowances on that account.

An Agency Forest Officer on Rs. 850 *plus* overseas pay *plus* a special pay Rs. 200 is also employed.

The ordinary establishment of 57 clerks, servants, etc., costs 35 and the forest establishment costs Rs. 2,100.

(2) *Expenditure.*—Of the total provision of 1.30 lakhs officers' pay accounts for 47 and ordinary establishment costs 35. The provision for travelling allowance is Rs. 12,000. The forest officer and his office account for a little over 20. The only other important provision is that of Rs. 7,000 for the demarcation of the Nepal border.

* The estimates show a special pay of Rs. 500. This is due to the fact that the Local Government are empowered to raise the duty allowance of Rs. 250 to Rs. 500 per mensem. When a senior officer who would otherwise be commissioner of a division has to go on working as Political Agent, the duty allowance is generally raised.

The expenditure has grown as below :—

	1924-25.	1926-27.	1927-28.	1928-29.	1929-30.	1931-32.		
<i>Account I.</i>								
Pay of Officers	·46	·59	·50	·58	·60	
Pay of establishment	·33	·36	·35	·35	·37	
Allowances	·13	·14	·16	·16	·16	
Contingencies	·09	·08	·10	·09	·08	
Grants-in-aid	·03	·02	·02	·02	
Supplies and Services	·01	..	..
Total Account I	·101*	1·20†	1·14	1·20	1·23	
* Minus ·18 recoveries. † Minus ·29 recoveries.								
<i>Account II.</i>								
Demarcation of Nepal border	·05	·07	
GRAND TOTAL	·90	·83	·91	1·14	1·25	1·30

Account II will, as usual, be dealt with separately.

Under Account I, there has been an increase of Rs. 32,878 since 1924-25. Recoveries amounting to Rs. 11,544, which used to be taken in reduction of expenditure, are now credited as revenue. Further, the whole of the cost of the Agency Forest Officer (amounting to Rs. 20,100), shown in the estimates since 1926-27, is recovered from the States and credited as revenue. The small balance represents genuine increase of expenditure and is made up of minor items.

(3) *Our proposals.*—The department has offered a reduction of ·13 lakh, which presumably includes ·07 provided for the demarcation of the Nepal border. It has urged that a self-contained Agency is necessary for the Bihar and Orissa States and that the utilisation of the local district officials is not feasible. Pending an examination of the question of the status and the future control of the States the department is unable to suggest any change in the existing arrangements. In the main, we accept this view. But we consider it feasible to abolish the post of Assistant Political Agent. The Deputy Commissioner of Angul already performs judicial functions in some of the States; if it is found necessary to afford further relief to the Political Agent in his judicial work, which appears to be the main function of the Assistant, it might be possible to provide it by empowering the district staff of the adjoining districts to deal with cases arising in the States.

On the analogy of the present arrangement no payment would have to be made to the Local Government for the services of other officers.

Apart from this we recommend acceptance of the departmental offer.

(5) *Summary of savings.*—The reduction will be ·20 as below :—

·067 } departmental Officer out of which ·07 has been taken into
 ·07 } account in Chapter XX.
 ·14 Assistant Political Officer.

Central Provinces.

(1) *Introductory.*—The charge of the Political Agent, Central Provinces Feudatory States, comprises 15 States in the Chhattisgarh Division of the Central Provinces. Six of these are at present under "administration" owing to the minority of their rulers. Political relations are maintained through the agency of the Local Government, who however get no payment for this agency work.

Up to 1882, the administration of these States was supervised by the Commissioner of the Chhattisgarh Division and the Deputy Commissioners of the districts to which they were attached. In that year it was decided to place them under the charge of a whole-time Political Agent on Rs. 1,150—2,500 *plus* a special pay of Rs. 250. He has a small special establishment costing .15; its strength is not known to us.

(2) *Expenditure.*—Apart from the pay of the Political Agent and his establishment the only important provision is Rs. 300 for miscellaneous contingent charges.

The following table shows how the expenditure has grown :—

	1913-14.	1922-23.	1924-25.	1926-27.	1927-28.	1928-29.	1929-30.	1931-32.
<i>Account I.</i>								
Pay of Officers .. ..				.29	.30	.23	.24	.28
Pay of Establishment .. ..				.16	.16	.16	.15	.15
Allowances .. ..		.64		.06	.04	.04	.03	.04
Contingencies .. ..				.03	.04	.03	.03	.03
Grants-in-aid .. ..					.01	.01	.01	.01
Deduct—Recoveries.. ..		—27		—26	—20	..	—07	..
Total .. ..	.28	.37	.37	.28	.35	.47	.39	.51

The apparent increase of Rs. 13,921 since 1924-25 is nominal. Recoveries, which were then taken in reduction of expenditure, are now credited as revenue. But as explained below the recoveries are much smaller now than before 1929. The gross expenditure shows a decrease of .13 due to variations in the pay of the officer and the establishments. We may now explain two changes of some importance.

In 1929, the basis on which contribution had been levied from the States under direct management was revised [*vide* paragraph 3 (iii) *infra*]. This revision has placed an additional burden of .20 on central revenues.

The contribution of the States under direct management has been increased during the current year from $\frac{1}{4}$ per cent. to $\frac{3}{8}$ per cent. of the total income of the contributing States and is subject to reconsideration should the percentage be considered too low. The increased revenue as a result of the revised arrangement is estimated to amount to Rs. 4,781 in the current year.

(3) *Our proposals.*—(i) No saving or reduction of expenditure has been offered by the department.

(ii) We recommend that a reduction of Rs. 2,000 should be effected. Our specific suggestions which will enable the proposed reduction to be effected are :—

- (a) Abolition or at least reduction of the special pay* of the Political Agent.
- (b) Reduction of establishment by, say, 10 per cent.
- (c) Reduction of the provision for contingencies by Rs. 500.

Our reasons for each suggestion are :—

- (a) The charge is by no means onerous and though it involves work in certain respects different from district work, it has so many compensating advantages attached to it that no special pay should be necessary to continue to attract suitable men to the post.
- (b) We concede that the expenditure on the establishment has not grown, but we think it can perhaps bear some reduction not exceeding 10 per cent.
- (c) The proposed reduction will still leave the provision for contingencies at approximately the level of the actual contingent expenditure in 1929-30. In view of the fall in prices it should not be difficult to effect the reduction proposed by us.

(iii) Further, we do not see why the arrangement under which the States under "administration" used to contribute not only towards the Political Agent's pay proper but also towards his special pay and leave and pensionary charges and also towards establishment and contingent charges was considered inequitable. To us the validity of the view that such States should not be called upon to pay more than the cost of the extra establishment entertained for their management appears to be doubtful. It ignores many of the important items of expenditure from central revenues which would not be necessary if States had not to be managed by the Paramount Power during the minority of the feudatory rulers. The nearest analogy to "administration" that we can think of is the management of estates by the Courts of Wards in the provinces. We understand that they charge a certain percentage (in the U. P. it is 10) of the gross income of the estate in question ; this is the estate's contribution to the provincial revenues towards the assumed cost of superior supervision. This actual provincial practice supports our provisional view that a State which receives the services of the officers maintained from central revenues should make a full contribution representing the total real cost of those services.

* Though this is not mentioned in the Estimates, we gather from the department's replies to our questionnaire that it is paid.

Assam.

(1) *Introductory.*—Political expenditure in this province relates to:—

- (i) The Political Agency at Manipur. A political agent (special pay Rs. 200), a Medical Officer (pay Rs. 1,000 *plus* overseas pay Rs. 300 and a compensatory allowance Rs. 100) and a Registrar (pay Rs. 200—500), are the three officers* maintained in connection with the Manipur Agency. The ministerial staff numbers 50 and costs Rs. 19,000. A provision of Rs. 8,000 has also been made for payment to the Assam Government in respect of the "loose political control" exercised over certain tracts of the Naga and Lushai hills. The total provision for 1931-32 is .80 lakh.
- (ii) The administration of tracts on the North-East Frontier declared "backward"† under Section 52 (A) (2) of the Government of India Act. Government's accepted policy in regard to these tracts is to maintain a system of loose political control over the savage and backward tribes who inhabit this region, and to prevent them from raiding into British India, but otherwise to abstain from interference with their affairs, subject to the fulfilment of international obligations. In pursuance of this policy, two Political Officers, three Assistant Political Agents, a ministerial establishment numbering 98 and costing Rs. 32,000 and Medical and steam launch establishments costing .02 are maintained. Medical expenditure is in fact .58 lakh and is provided under the grant for "medical services".

The total 1931-32 provision in respect of these tracts is 1.13 lakhs.

(iii) Miscellaneous charges, the 1931-32 provision for which is .31.

(2) *Expenditure.*—The following table shows the progress of expenditure:—

	1922-23.	1924-25.	1926-27.	1927-28.	1928-29.	1929-30.	1931-32.
<i>Account I.</i>							
<i>Manipur.</i>							
Pay of Officers .. ..	.29	.46	.42	.45	.41	.50	.452
Pay of Establishment ..	.23	.23	.24	.24	.26	.16	.19
Allowances, etc. .. ..	.03	.03	.04	.13	.05	.04	.04
Supplies and Services ..	.01	.01	.01	.01	.02	.01	.01
Contingencies .. ..	.02	.02	.03	.02	.02	.02	.02
Grants and Contributions ..	.01	.01	.01	.01	.01	.14	.09
<i>Deduct—Recoveries</i> .. ..	..	..	..	..	..	..	..
Total Account I .. ..	.59	.72	.71	.82	.77	.87	.802

* The estimates mention an Assistant Surgeon as well, but we have not been able to trace this officer in the Assam Civil List.

† Garo Hills district; British portion of the Khasi and Jaintia Hills district other than the Shillong Municipality and Cantonment; Mikir Hills; North Cachar Hills; Naga Hills district; Lushai Hills district; Sadiya Frontier Tract; Balipara Frontier Tract; and Lakhimpur Frontier Tract.

1922-23. 1924-25. 1926-27. 1927-28. 1928-29. 1929-30. 1931-32.

<i>Account II.</i>		1922-23.	1924-25.	1926-27.	1927-28.	1928-29.	1929-30.	1931-32.
Pay of officers .. ..	..	·74	·59	} 1·19	1·07	-109	1·05	{ ·463
Pay of establishment .. ..	..	·97	·28					
Other charges	·	·19						·322
Medical and steam launch establishment .. ..	..	1·27*	·56*	·56*	·02	·02	·02	·02
Total .. ..	..	2·98	1·80	1·75	1·09	1·11	1·07	1·125
Other miscellaneous expenses.. ..	..		·06	·06	·06	·08	·06	·313
Total .. ..	..	2·98	1·66	1·81	1·15	1·19	1·13	1·44
GRAND TOTAL FOR ASSAM .. ..	..	3·57	2·38	2·52	1·97	1·96	2·00	2·24

Analysis.—(a) Half of the apparent increase of ·082 in the cost of the Manipur Agency since 1924-25 was merely caused by accounting changes. The real growth is ·04. The annual payment of ·08 to Assam Government since 1929-30 shows that on other items the expenditure has gone down by ·04, due mainly to the appointment of lower-paid officers (Rs. 1,370) and decrease in establishment (Rs. 3,494).

(b) If medical charges, since transferred to the Medical grant, be excluded, the expenditure on the administration of the backward frontier tract has increased by about Rs. 6,500, mainly due to an increase of Rs. 5,972 in the provision for the pay of establishments. The number of clerical posts is six more than in 1924-25 and the pay has also been revised. An increase of Rs. 1,200 under the pay of interpreters and of Rs. 500 under elephant establishment have also taken place. The decrease of Rs. 12,348 under "Pay of Officers", is due to the appointment of lower-paid officers and the reduction of one of the four posts of Assistant Political Officers, but it has been counter-balanced by an increase of Rs. 12,997 under Other Charges, viz., grant of local allowances (Rs. 5,000) to the Political Officers and the Assistant Political Officers, purchase of boats and elephants (Rs. 3,850) and certain miscellaneous charges (Rs. 4,000).

(c) The increase of ·25 under 'other miscellaneous charges' is due to the need for providing for expenditure in connection with a boundary settlement with Bhutan.

(3) *Our proposals.*—The department has offered a reduction of ·28 lakh; we do not, however, know the details.

* The provision for the medical establishment is now shown under the head "Medical" hence the decrease in later years.

Our own proposals are :—

- (i) We observe that the political officers get the following special pays and allowances :—

	Ra.
Manipur—	
Political Agent, special pay	200
Medical Officer, compensatory allowance	100
N. E. Frontier—	
Political Officer—	
Special pay	250
Compensatory allowance	150
Political Officer—	
Special pay	250
Compensatory allowance	150
Assistant Political Agent, compensatory allowance ..	75
Assistant Political Agent—	
Special pay	50
Compensatory allowance	75
Assistant Political Agent—	
Special pay	100
Compensatory allowance	75

The department has in the course of its replies to our questionnaire informed us that in the interests of economy the Assam Government have reduced the special pays and compensatory allowances as below :—

Political Officer, Sadia frontier tract, from Rs. 400 in all to Rs. 250.

Political Officer, Ballipara tract, from Rs. 400 to Rs. 150.

We greatly appreciate this action of the Assam Government and propose that the special pays and allowances in the case of other officers should also be reduced—not necessarily by a uniform percentage but in such a way as to yield an aggregate saving of 50 per cent. of the present provision. This saving will amount to about Rs. 9,000.

Life on the North-East Frontier presumably is harder and the amenities are likely to be fewer than in the case of the Manipur Agency. We therefore think that it should not be difficult for the Assam Government to reduce the special pays and allowances in the case of the Manipur Agency at least on the same lines as the reduction already effected in two cases on the North-East Frontier.

- (ii) We observe that the strength of the establishment has gone down a little and that expenditure has decreased roughly by Rs. 3,500. Hence we do not make any definite recommendation.

- (iii) In the light of the actuals of 1929-30 a reduction of Rs. 300 in the provision of Rs. 1,300 for miscellaneous and petty supplies and Rs. 200 in miscellaneous office contingencies should not be difficult.
- (iv) As regards the North-East Frontier we hold that there is much more room for reduction of expenditure. One officer's post should be abolished. In view of the distance that separates the Sadia frontier tract from the Ballipara tract it may not be found feasible or economical to manage with only one political officer for both the tracts. We shall therefore assume that one of the Assistants' posts will be abolished ; even then the saving will be about ·06.
- (v) We have already noted that the number of clerical posts has gone up considerably since 1924-25. We think a ten per cent. reduction of the establishments should therefore be fairly easy to effect ; saving ·03.
- (vi) Further we draw attention to the abnormally high provision for other miscellaneous charges. We have been told that this is due to a boundary settlement with Bhutan. We presume that the settlement can wait for some years and alternatively that the expenditure can be spread over some years. We recommend that the provision for 1932-33 for this service should be reduced by ·20.

(4) *Summary of savings.*—The specific proposals made by us above yield a reduction of a little over ·34 in the political expenditure in Assam. For purposes of this chapter we assume a saving of ·14, the reduction of ·20 under paragraph 3 (vi) above being taken into account in Chapter XX.

CHAPTER XVIII.

PERSIA, ARABIA AND THE PERSIAN GULF LITTORAL.

In this chapter we propose to deal with diplomatic and consular expenditure in Persia and the Gulf Littoral. Two of the three Political Agencies on the Arabian side of the Persian Gulf, viz., those at Bahrein and Muscat, the Directorship at Gwadur and the Trade Agency at Duzdap, though provided for under Account I, will also be dealt with in this chapter.

(1) *Introductory.*—Owing to their common border with Turkey, Arabia, Afghanistan and Baluchistan, Persia and the Persian Gulf Littoral occupy a political and strategic, especially naval, position in which India has for about a century taken some interest. Various foreign powers have in the past competed for influence at the Persian Court and the security of the British Empire in India was at one time considered to be seriously threatened by Russia's naval designs in the Gulf and her railway schemes in Persia, the French project of a naval base in the Gulf of Oman and Germany's project of a railway linking Europe with Baghdad and Koweit. In 1907 Persia was partitioned into Russian and British spheres of influence and her independence was menaced for some time. The Great War, however, has changed what at one time appeared to be her inevitable fate, and the menace to her independence is considered to have disappeared. She has improved her international status and importance. The emergence of republican Turkey, nationalist but not imperialistic in its outlook, of Communist Russia, of the new state of Hedjaz *cum* Nejd and the revolution that has taken place in Afghanistan's status and outlook since 1919 have changed the nature and importance of the political interests of Great Britain and India, respectively, in the Middle East. These factors have to be borne in mind for a proper appreciation of our conclusion that several of the political agencies, consulates and vice-consulates in Persia and Arabia which had been set up to protect Britain's imperial interests in the Middle East before the war appear to us now to be mere relics of the old and now somewhat obsolete Anglo-Russian policy in relation to Persia.

Authority controlling the Middle-East policy.—At the outset we may also note the most important fact of the situation, viz., that the "middle east policy" which includes the relations with Persia and Arabia, is entirely under the control of the Foreign Office of His Majesty's Government and not of the Government of India or the Secretary of State for India. In the circumstances however, the Foreign Office, as was to be expected, naturally utilises the agency of the Government of India for purposes of advice and in some cases ordinary administration.

(2) *Expenditure.*—The table below shows the progress of expenditure on each of the outposts:—

	1913-14.	1922-23.	1924-25.	1926-27.	1927-28.	1928-29.	1929-30.	1931-32.
Ahwaz ..	.40	.73	1.90	.28	.25	.27	.27	.29
Bunder Abbas ..	.40	.58	.59	.55	.56	.65	.56	.56
Bushire ..	2.60	7.29*	4.87	2.90	3.52	3.72	3.58	3.43
Kerman ..	.46	.81	.83	.85	.64	1.52	.83	.71
Koweit ..	1.09	1.19	.61	.47	.61	.53	.67	.56
Kermanshah ..	..	.13	..	..	..	..	..	..

*Includes charges for Despatch Vessel. These are now provided for under a separate grant.

1913-14. 1922-23. 1924-25. 1926-27. 1927-28. 1928-29. 1929-30. 1931-32.

Lingah ..	.09	.03	.03	.03	.02	.07	0.2	..
Mohammerah	.46	.41	.36	.34	.27	.32	.42	.40
Shiraz ..	..	3.28	.06	.06	.06	.04	.02	.01
Persian Legation	1.42	2.07	1.26	.79	.53	.42	.21	.19
Khorasan ..	1.42	1.40	1.63	1.54	1.31	1.17	1.18	.96
Seistan ..	1.34	1.20	1.53	1.14	1.17	1.26	1.16	1.07
Duzdap ..	..	..	..	.30	.29	.35	.38	.41
Muskat*	1.40	.79	.69	.72	.65	.66	.64	.70
Bahrein ..	.57	.80	.96	.90	.82	.93	.90	.84
Gwadur ..	..	..	.12	.12	.11	.12	.11	.10
Duzdap Trade Agency ..	..	..	..	.10	.13	.14	.14	.16
Total ..	11.65	20.71	15.44	11.09	10.94	12.17	11.09	10.39
Muskat subsidy	2.66	1.94	1.86	1.86	1.86	1.86	1.86	1.86
Despatch vessel†	..	..	..	..	..	1.20	1.20	1.20

Total for Persia and the Gulf. 14.31 22.65 17.30 12.95 12.80 15.23 14.15 13.45

*The Muskat subsidy is in addition. It was 2.66 lakhs in 1913-14 and is 1.86 lakhs now.

†Precise actuals not available. Hence budget figures only are shown.

Other expenditure.—In addition to the charges shown above under individual agencies, consulates, etc., some other expenditure, shown under other heads in this grant, is also incurred in these areas, e.g., the subsidy to the Sultan of Muscat (Rs. 1,86,400 per annum) and the cost of hiring a despatch vessel for the Political Resident at Bushire (Rs. 1,20,000). These have been shown in the table. We shall take these items into account in dealing below with the individual agencies.

A more important point to bear in mind is the fact that a good deal of political expenditure is now being shown in the High Commissioner's budget. We cannot ascertain what portion refers to political expenditure in Persia, etc.

Office allowances.—We may also mention a special feature of miscellaneous office expenditure in the consulates, etc. In 1912 a system of office allowances, devised on the analogy of the system prevailing in consulates under the British Foreign Office, was introduced, under which a fixed sum is placed at the disposal of each political unit. The merit claimed for it is that it relieves the officers serving in remote localities in Persia of the obligation of referring proposals for expenditure on petty matters to higher authority for sanction. Though audit control is relaxed to some extent, it is contended that the system tends to reduce the cost of audit and accounts establishments. A

central contract grant is also placed annually at the disposal of the Resident in the Persian Gulf for expenditure on annual or ordinary repairs of the buildings under his control. The office allowances of certain outposts are "centralised", i.e., they are provided in the budget of the Political Resident at Bushire. We have only to add that, generally speaking, Secret Service money is now included in the office allowances.

(3) *India's share of the cost.*—Besides the outposts enumerated in the above table, there are other agencies and outposts under the direct control of His Majesty's Government. The arrangements in force for the apportionment of the cost between Great Britain and India and for the exercise of administrative control over their working are complicated. Generally speaking, the British Minister at Tehran is the authority responsible for their work but the Government of India receive copies of the reports made by the Consuls and Vice-Consuls to the Legation at Tehran. In certain cases the officers are appointed by the Government of India from the cadre of the Political Department; the rest belong to His Majesty's consular services. We are not, however, aware of the criterion adopted for determining whether the Government of India or His Majesty's Government should have direct administrative control over a particular agency, for, we note that certain consulates formerly under the control of the Government of India were recently transferred to the British Foreign Office. Whether the controlling authority is His Majesty's Government or the Government of India and whether in the first instance the expenditure is incurred by His Majesty's Government or the Government of India, the whole of the expenditure in Persia and, with the exception of Muskat and Bahrein, in the Persian Gulf is divisible equally between them. The whole of the expenditure on Bahrein and Muskat, including the subsidy to His Highness the Sultan of Muskat, is borne by the Government of India, except that charges connected with anti-slavery measures and sanitary arrangements are divisible between the Government of India and the British Foreign Office; the provision for such charges in the Indian budget is very small.

(4) *Inchcape proposals.*—The Inchcape Committee considered a total budget of 22·40 lakhs which included the cost of lighting and buoys in the Persian Gulf. The whole position has since changed so much that no useful purpose will, we think, be served by tracing the extent to which the expenditure was reduced. The following extract from that Committee's report will, however, be of some interest.

"At present political expenditure in Persia is divided in moieties between the Indian and Imperial Exchequers, this arrangement being based on the recommendations of the Welby Commission. We are informed, however, that, owing to the lack of sufficiently strict definition, the question has arisen from time to time whether important individual items of expenditure are properly governed by this principle of division. We are impressed by the heavy liabilities imposed upon India during the war and we are strongly of opinion that the present arrangement should be revised without delay and that the Government of India should take over the whole cost of certain consulates, etc., which abut on India, and leave the others to the Home Government, possibly paying some share in one or two cases in which the two Governments have a mutual interest. It is, in our opinion very desirable to ensure that India's

liabilities in Persia should be strictly limited and defined. We recommend, therefore, that a revision of the existing arrangements be considered, and also that the possibility be examined of making a charge to shipping for lighting and buoys in the Persian Gulf the cost of which is at present shared by India and the United Kingdom on the half and half basis."

(5) *Departmental proposals*.—The department has proposed to reduce the expenditure incurred in Persia and the Persian Gulf as below :—

	Budget for 1931-32.	Reduction.
Persian Gulf	10·67	1·09
Seistan	1·64	·07
Khorasan	·96	·05
Tehran	·19	·01
Iraq	·08	<i>Nil.</i>

We have been informed that among the important items which the department proposes to bring under retrenchment are :—

- (a) Abolition of the posts of (i) the Consul at Kerman, (ii) the Wireless Operator at Meshed, (iii) an orderly of the Tehran Legation.
- (b) Abolition of the launch at Bunder Abbas.
- (c) Local recruitment of escorts in Persia instead of sending them out from India.

The department has further added that the question of reorganisation of consular posts and establishments in Persia is under consideration and it is proposed to depute a senior officer of experience to visit each consulate and submit his recommendations. The savings resulting from such a scrutiny will be additional to those shown above.

(6) *Our proposals*—(a) *Main proposal*.—We find that in spite of the Inchcape Committee's recommendation not much headway has been made with the proposal to limit and define India's responsibility for diplomatic and Consular work in this region. India still continues to pay, broadly speaking, the entire expenditure at Bahrein and Muscat and half the diplomatic and consular expenditure in Persia and the rest of the Gulf. The department explains that "it has been proposed to His Majesty's Government that India should bear the entire cost of British consulates located in these* regions and also a portion of the expenditure on the Legation at Tehran and leave His Majesty's Government to bear the entire expenditure of the rest of the consulates in Persia. This proposal is still under the consideration of His Majesty's Government".

We must here observe with surprise that though nearly a decade has elapsed, no substantial progress appears to have been made in the direction of a definition and limitation of India's real liabilities in Persia and the Gulf. We recommend that the Government of India should press for an immediate settlement of this issue, pointing out that public opinion in India refuses to continue to share what it considers to be little more than Britain's expenditure in furtherance of her imperial interests in the Near East.

* The reference is to Eastern and to a part of Southern Persia, where, in the department's view, Indian interests predominate.

Secondly, we question the validity of the assumption that India has "important political and commercial interests in Persia" which are looked after by the diplomatic and consular agents of His Majesty's Government. Since our considered conclusion on this matter is fundamentally at variance with the view put forward by the department, we propose to examine the position in some detail.

Apart from the defence of India's land and sea frontiers on the West, the only specific instances of India's interests in these territories, which the department could cite, or we could trace in the records, are :—

- (i) India's interests in the pearl fisheries at Bahrein.
- (ii) the employment of a large number of Indians in the Anglo-Persian Oil Company's works and refineries.
- (iii) India's trade with the Gulf territories.
- (iv) The pilgrim traffic to and through the territories in question.

As regards India's defence, we consider that India pays at least her full share and should not be called upon to bear any more. We do not think any dominion or colony has been asked, or has agreed, to bear a portion of Britain's "imperial" defence expenditure even if it be called diplomatic and consular expenditure.

We shall now examine the other contentions.

It is a well known fact that, broadly speaking, India is not directly interested in the pearl fisheries of the Gulf but only in the pearl trade and that too after the pearls reach India. India's position as an entrepôt in the pearl trade no longer is what it used to be. The better class pearls now often go direct from the Gulf to Paris, London, New York and other important centres. It is true that some pearls find their way to India, but they are seldom the pick of the catch. The value of this trade to India is declining and numerous Indian business houses have had to settle at Paris and other centres. We do not know the numbers of Indians engaged in the pearl fisheries or even the pearl trade on the spot, but we have no reason to think they are very considerable.

The fact that Indians are employed in the Anglo-Persian Oil Company's works cannot justify the saddling of India with the expenditure on consulates, whose main business is to look after the interests of the Oil Company rather than its employees and to keep Britain's hold on the Lynch road and maintain her commercial position in Arabistan. The fact that there are fairly considerable Indian colonies at, e.g., Kobe, Osaka, Paris and in Egypt, Abyssinia and similar countries has, so far as we are aware, never been urged as a ground for charging some of the British consular expenditure in these areas to India. So far as we know, the dominions and colonies also do not share in such expenditure.

It is true that India has some trade with the Gulf and with Eastern Persia, but one of the main lines of Indian trade with the Gulf, viz., Indian textiles, is declining and can now be almost ignored. Indians also handle certain classes of goods—many of them British—as mere middlemen but we are not aware of any considerable Indian trade with this region in purely Indian goods. So far

as we have been able to ascertain, the commodities in which India carries on trade with this region are :—

- (i) imports of Basra dates into India,
- (ii) imports of Bahrein pearls into India (the total value of which has, we believe, very seriously declined),
- (iii) exports of grain from India, and
- (iv) export of cotton from India.

This list is by no means an imposing one, and the nature and the size of the business in these articles cannot justify the spending of about 12 lakhs every year from Indian revenues. Again, this area has been given no place in the accepted scheme of special trade commissionerships and that fact also leads to the inference that India's commercial stake in the Persian Gulf is not considerable. We may also draw attention to the fact that even apart from the Political Resident at Bushire many of the Political Agents, Consuls and Vice-Consuls are military men. Even those consular officers who are medical men are drawn from an essentially military organisation, *viz.*, the Indian Medical Department. We cannot believe that they are seriously intended for the furtherance of India's trade interests nor that they are qualified for such roles. No definite evidence has been adduced to show that they have in fact tried, or been able, to further India's trade in these regions.

As regards the pilgrim traffic to Muslim shrines in Iraq and the neighbouring territories, it is but a small fraction of that to Mecca and Medina and is not large enough to justify more than a fraction of India's expenditure on the Consulate at Jeddah being charged to India.

On the other hand, Britain's interests in Persia and the Gulf are large and valuable. The Anglo-Persian Oil Company and the oil question in Upper Iraq (in either of which India *per se* has no interest), Britain's control of the Lynch road, her nationals' very large share in the commerce with Persia and especially the territories bordering on the Gulf, her influential position in the field of banking in Iran and Iraq, her dominance in the trade in Oriental carpets, her exceptional status in the mandated territory of Iraq, her preponderance in the shipping of the Gulf ports, her interest in the developments in modern Russia and in the various Muslim countries on the frontier of Persia, the naval and maritime position which Britain occupies in the Arabian Sea owing to her control over the Gulf, her claims of extra-territoriality, the importance of Iraq and Persia to her air navigation, the over-land telegraph line in the adjacent areas, the need for controlling the traffic in arms—these are some of the factors that indicate the extent and character of British political and trade interests in the Middle East. It is perhaps true that these interests were secondary in origin. But to-day they are far more important than the trade interests of India proper—the latter are, in essence, merely nominal. This conclusion of ours is amply strengthened by the fact that the control of relations with Persia is vested in the British Foreign Office (*vide* paragraph 1). We may also draw attention to the fact that nowhere except along a short stretch of desert does the Indian frontier march with the Persian.

The Inchcape Committee was "impressed by the heavy liabilities imposed upon India during the War" and gave its opinion in favour of an immediate revision of the arrangements then in force. It wanted that India's liabilities should be limited and defined. We too are impressed by the unjustifiable burden in various forms that India has been compelled to bear for generations and hold that the time has now come when it should be lightened. Both Afghanistan and Persia have now emerged as powers of international importance in direct relations with His Majesty's Government in Great Britain. The prospective termination of the mandate over Iraq will at no very distant date give birth to a new national state with a similar status. In all such countries Great Britain would, even apart from her interests in India, maintain her own diplomatic and consular establishments. So far as we are aware, the dominions do not contribute towards the maintenance of Britain's diplomatic and consular representation in countries in which particular dominions have special interests, e.g., Canada, *vis-a-vis* the United States of America.

We may add that most of these consular outposts appear to us to be the relics of the pre-war British policy in Persia and the Gulf against the menace of Russia, Germany and other rivals and that even to-day some are intended for "intelligence" work. We believe that a clear and strong case exists for asking for complete relief.

We are not unaware of the fact that the Government of India themselves have not always seen eye to eye with His Majesty's Government on the question of the extent and character of India's interests and liabilities in this region. But, we would like them to press vigorously for the redress proposed by us; we consider that if this is done, it should not take more than about a year to obtain it. This act of sheer justice will help to relieve India's already heavy burden to the extent of about 11.50* lakhs.

(b) *Subsidiary proposals for transition period.*—Pending the fructification of such negotiations, however, we recommend that the following economies should be effected. We believe that there is a mutual obligation on Great Britain and India not to increase, beyond narrow limits, expenditure on the diplomatic and consular services in this part of the world without mutual consent. But, this need not stand in the way of India being allowed to effect such economies as she adjudges feasible and desirable. Indeed we hold that Britain's attitude towards this problem should be regarded as an index of her *bona fides* in promising to advance India towards "Dominion Status". We are glad to observe that one of the recommendations of the Retrenchment Committee appointed in 1931 by the Secretary of State for India under the Chairmanship of Sir Henry Wheeler was that efforts should be made to secure the discontinuance of the annual contribution of £12,000 from Indian revenues towards the cost of diplomatic establishments in China. We do not know if effect has been given to this, but we look upon it as a recognition by Great Britain of the great change in the real character of India's interests in China and their relative importance *vis-a-vis* the imperial interests

* Viz. 1.81 under Account I. 8.59 under Account II-C, 1.86 under Account II-B(i) and 1.20 under Account II-K-4 (3) minus recoveries from His Majesty's Government which in 1929-30 amounted to 1.86.

of Great Britain. This leads us to hope and trust that if India's point of view is properly put to His Majesty's Government they will be prepared to do her the justice that has long been due to her in the somewhat analogous case of Persia, etc., also.

We may also draw attention to a specific economy of a general character before we come to deal with each individual agency, consulate, vice-consulate, etc., in the succeeding paragraphs.

We observe that the officers employed in Persia and the Persian Gulf are remunerated, apart from pay proper, by means of special pays and various allowances (*e.g.*, sumptuary, compensatory, customs compensatory, language, charge, motor car, conveyance, unhealthy climate, house-rent). In one case, *viz.*, that of the vice-consul at Mohammerah, we have specially noticed that the aggregate of the allowances admissible exceeds the pay proper and we should not be surprised if there are other similar cases, though not so apparent. Medical officers performing their normal duties also get special pays, compensatory allowances, etc. We hold that an obvious and easy method to effect economies is to revise the entire system, and we recommend accordingly. We may add that Persian is a comparatively easy language to acquire and since there are numerous outposts in Persia, an officer's knowledge of it once acquired is not likely to be useless on his transfer from a particular station. Hence, there is no great justification for a language allowance, at any rate on a monthly basis. We do not know if His Majesty's Government will have to be consulted or not, but we recommend that pending a thorough examination the special pays and allowances payable at present should be cut by one-half. In this connection we invite attention to a similar recommendation made by us in the case of the North-West Frontier Province and Baluchistan and to paragraph 9 (iii) of Chapter I.

(7) *Bahrein, Muscat and Koweit Agencies.*—On the Arabian side of the Persian Gulf three political agencies are maintained, each at the headquarters of an independent Arab State or Chiefship. We shall deal with Koweit along with the other agencies included in the estimates under Account II. Here we shall deal only with Bahrein and Muscat Agencies and the Directorship at Gwadur which is under the Muscat Agency; these are all provided for under Account I.

In addition to the three agencies named above His Majesty's Government are represented by an Arab Agent of the Bushire Residency at the headquarters of the Trucial Sheikhs of Ras-al-Khaimah, Ajman, Umm-al-Quaiwain, Shargah, Dabai, Abu Dhabi and El Katr. This Agent has his headquarters at Shargah, but he moves from place to place as desired. In the department's opinion the political importance of these states and chiefships has increased by and since the emergence of Hejaz-Nejd as a sovereign independent state and the prospective termination of the British Mandate in Iraq. The Political Agents at Muscat, Bahrein and Koweit exercise capitulatory civil and criminal powers.

(a) *Bahrein.*

(i) *Introduction.*—Bahrein was one of the first places in the Persian Gulf to attract the attention of the East India Company on account of the pearl fisheries. Its rulers were often assisted against Turkey, Persia and other

powers, but formal political relations were established in 1829. The Indian Government's representative was invariably a "native agent", but in 1900 it was decided to set up a regular British political agency.

The rulers of Bahrein are under agreement not to enter into any agreement or correspondence with any power other than the British Government or to allow any agent of any other Government to reside in Bahrein without British consent, or to cede, sell, lease or otherwise give occupation of any part of their territory except to the British Government. Jurisdiction over all persons other than Bahrein subjects has been "capitulated" to the British Government. Thus, the Political Agent has to maintain a court for the disposal of judicial work. The rulers of Bahrein have also undertaken to abstain from slave trade, piracy, traffic in arms and ammunition and other unlawful practices by sea. The pearl fisheries, which form the most important industry in this part of the Persian Gulf, have always been policed by the British Government. The entry of foreigners including European British subjects into the fisheries has been steadily opposed by the British Government. We do not know the value of the pearl trade with Bahrein, but we have good reasons to believe that it has very largely declined.

Bahrein is also important as a means of keeping in touch with the ruler of Central Arabia and the British representative has some responsibility for the prevention of any encroachment by him on the rights of his smaller neighbours, *e.g.*, the ruler of Qatar and the Trucial chiefs.

A Political Agent (pay Rs. 950—1,000 with a special pay of Rs. 200, a charge allowance of Rs. 150, a sumptuary allowance of Rs. 100 and a language allowance of Rs. 100), an Assistant Surgeon (pay Rs. 450 with a charge allowance of Rs. 30 and a special pay of Rs. 100) and an Indian Assistant (pay Rs. 410 with a special pay of Rs. 75 and a house-rent allowance of Rs. 50) are the three officers maintained at this agency. The establishments comprise seven clerks (four of whom get special pays) and a medical attendant. In 1930-31 there were only five clerks. The staff in 1913-14 consisted of two officers and three clerks, and even in 1922-23 there were only two clerks for this Agency.

The total cost on account of the Bahrein Agency is Rs. 84,000. Apart from the pay of the staff the only other important provisions are .14 for a motor boat and steam launch and .15 for office allowances.

The expenditure has varied as below :—

	1913-14.	1922-23.	1924-25.	1929-30.	1931-32.
Pay of officers .. ..	.28	.21	.33	.30	.29
Pay of establishment .. ..	.04	.11	.13	.12	.16
Allowances .. ..	.01	.14	.08	.08	.08
Supplies and Services .. ..	.11	.14	.15	.16	.14
Contingencies .. ..	.14	.19	.20	.24	.17
Total .. ..	.56	.79	.96*	.90	.84

Compared with 1924-25 expenditure has decreased by .12 in spite of the increase of Rs. 3,300 due to revision of pay of establishments and increase in their number. The gross decrease of Rs. 15,600 was due to (i) the posting

* Includes .08 for compensations now treated as allowances.

of a junior officer as Political Agent counterbalanced by the revival of the post of an Indian Assistant and the accrual of increments (Rs. 4,000), (ii) non-provision for compensation for depreciation of krans and dollars (Rs. 8,400), and (iii) reduced provisions for Supplies and Services and Contingencies, etc. (Rs. 3,200).

(ii) *Proposals*.—We have explained how the staff has grown, particularly in the ministerial grade. We consider that a growth from two clerical posts in 1922-23 to seven such posts in 1931-32 is unduly rapid, and recommend that the clerical post which was added so late as 1931-32 be abolished. The post of Indian Assistant to the Political Agent which was kept vacant in 1922-23 can perhaps be abolished now. The new provision of Rs. 300 for house-rent allowance will go out automatically if even one clerical post is retrenched. The office allowance of Rs. 15,400 is excessive and should be reduced. In all, a reduction of 10 in the expenditure at Bahrein is feasible and should be effected.

(b) *Muscat*.

(i) *Introductory*.—Muscat is a Sultanate and the Sultan receives a subsidy of Rs. 1,86,400 from the Government of India. Besides being responsible for political relations with His Highness the Sultan, and for the conduct of work at Gwadur (*vide infra*), the Political Agent has also to dispose of judicial work arising out of the capitulatory rights of the British Government.

The Political Agent gets a special pay of Rs. 300, a language allowance of Rs. 100 and a sumptuary allowance of Rs. 100. A Surgeon (on Rs. 650 plus a special pay of Rs. 100, compensatory allowance of Rs. 50 and a quarantine allowance of Rs. 150 which is paid by His Highness the Sultan's Government) is attached to the Agency. The post of Treasury Officer created in replacement of a non-gazetted post of Agency Office Superintendent is estimated to cost Rs. 4,500. There are three clerks.

Apart from the pay of the staff the only important provisions are Rs. 6,500 for office allowance and Rs. 3,500 for "contract grant".

The expenditure has varied as below :—

	1913-14.	1922-23.	1924-25.	1929-30.	1931-32.
Pay of officers	-42	-26	-26	-33	-42
Pay of establishment	-06	-12	-13	-13	-11
Allowances	-02	-11	-06	-04	-04
Contingencies	-20	-16	-16	-14	-13
Total	-70	-65	-69*	-64	-70

Compared with 1924-25 the 1931-32 provision has decreased by about Rs. 1,600. It is the net result of a gross increase of Rs. 17,600 and a gross decrease of Rs. 16,000. The gross increase was due to (i) the post of Agency Surgeon having remained vacant for a time in 1924-25 (Rs. 6,800), (ii) the creation of a gazetted post of Treasury Officer in replacement of the post of Agency Office Superintendent (Rs. 4,500), (iii) the appointment of a Political

* Includes 08 for compensations now treated as allowances.

Agent on a higher rate of pay (Rs. 3,800), (iv) appointment of a senior sub-assistant surgeon and accrual of his increments (Rs. 1,900), and (v) other minor increases (Rs. 600). The decrease was caused by the conversion of the post of Agency Office Superintendent into a gazetted post (Rs. 3,900), decrease under touring charges and payment of house-rent and other allowance (Rs. 1,400) non-provision of compensations for depreciation of kranas and dollars (Rs. 7,600) and decreased provisions for postage and telegram charges (Rs. 1,100), for office allowance (Rs. 1,000) and for supplies and services and contingencies (Rs. 1,000).

(ii) *Proposals*.—The superior staff was increased in 1931-32 by the creation of a new gazetted post of Treasury Officer in place of the non-gazetted post of Agency Office Superintendent. This post should be abolished and not merely reduced to non-gazetted status; saving Rs. 4,500. Other economies too should be effected so as to reduce the expenditure by Rs. 5,000 in the aggregate.

(c) *Gwadar*.

(i) *Introductory*.—The Port of Gwadar in the south-east of Baluchistan, a little to the east of the Persian border, is held by the rulers of Muscat and used to be an important link in the chain of the overland telegraph line between Europe and India. A Director on Rs. 300 and establishments costing Rs. 6,100 are maintained at Gwadar. The total cost is 10.

(ii) *Proposals*.—We presume that the Director and his establishment are maintained, at any rate in the main, in the interests of the over-land telegraph line in the south of Baluchistan. If so, we fail to see what interest India as such has in incurring an expenditure of 10 every year from the "political" estimates. If he is a telegraph man, the telegraph line concerned should bear the charge, a contribution being made for consular work (if any) done by him. We shall assume that the entire provision can and will be deleted.

(d) *Summary of Savings*

Although our proposals relating to Bahrein, Muscat and Gwadar yield a reduction of 25, we shall be content if effect is given to our specific proposals and the reduction is not allowed to go below 20.

Persia and the Persian Side of the Gulf and Koweit.

(8) *Arabistan—Introductory*.—Ahwaz together with Dizful and Mohammerah are the three outposts for the protection of British commercial and political interests in Arabistan. The biggest interest is the Anglo-Persian Oil Company; its importance is not only commercial but also naval. Besides this concern, the Arabistan grain trade, the Lynch road (which connects with Ispahan), arms traffic and the railway concession from Mohammerah to Tehran via Khurramabad were, as some of them still are, the main important interests. It was for their development and protection against the efforts of foreign powers to undermine them that British consular representatives began, even before the great war, to get into close relations with Bakhtiari and other tribes and with the Sheikh of Mohammerah. As ruler of the Arab tribes inhabiting Arabistan the Sheikh had, as he still has, a special position *vis-a-vis* the Persian Government. British activities in this area naturally became more com-

prehensive during the War and though the commitments have since been largely reduced, the material interests that have been developed, e.g., the Anglo-Persian Oil Company, the Lynch road, which is largely under British control, and the virtual disappearance of foreign competition from the markets concerned are held to necessitate the maintenance of consular representation in this area.

(a) *Ahwaz.*

(i) *Introductory.*—The Consulate at Ahwaz used to be controlled by the Government of India but with effect from 1926-27 the control has been taken over by His Majesty's Government. The expenditure has always been shared between the two governments and is now adjusted against Indian revenues through the Secretary of State's accounts. Only the expenditure on the Vice-Consulate appears in the Indian budget and this also is divisible equally between the two governments.

A Vice-Consul on the Foreign and Political Department scale *plus* a special pay of Rs. 200 and a customs compensatory allowance of Rs. 100 is the only officer, the provision for whose pay appears in the Indian budget. Rs. 11,900 for Escort charges and a new items of Rs. 1,800 for the rent of the Vice-Consul's house are the only other important provisions.

The expenditure has varied as below :—

	1922-23.	1924-25.	1929-30.	1930-31.	1931-32.
Pay of officers ..	·31	·62	·12	·07	·12
Pay of establishment ..	·17	·19	·11	·12	·12
Allowances, etc. ..	·06	·04	·03	·02	·02
Contingencies ..	·19	·40	..	..	·02
Grants-in-aid .. ..	..	..	·01	..	·01
Total ..	·73	1·90*	·27	·21	·29

In 1924-25 the expenditure was 1·90 lakhs. The decrease of 1·61 lakhs (1·64 *minus* increase of ·03 chiefly for escorts) is mainly due to the transfer of the bulk of the expenditure to the control of His Majesty's Government, the other important factors contributing to the decrease being the posting of a junior officer as Vice-Consul, the abolition of the post of Assistant Political Officer which existed in 1924-25, the inadmissibility of the payment of compensation for the depreciation of krans and dollars and the fact that in 1924-25 heavy expenditure had to be incurred on petty construction, repairs, etc.

(ii) *Proposals.*—We presume that there is a Consul at Ahwaz under the control of His Majesty's Government and a Vice-Consul under that of the Government of India and that His Majesty's Government and the Government of India share the expenditure on the Consulate and the Vice-Consulate, the budget of the latter alone appearing in the Indian estimates.

* Includes ·60 for Works and ·05 for compensations now treated as allowances.

If our assumption that Ahwas has both a Consul and a Vice-Consul be correct, we recommend that the Vice-Consulate be abolished. The interests of the Indian employees of the Anglo-Persian Oil Company, such as they are, can be looked after by the Consul. We believe, our assumption is correct; hence, we shall assume a saving of 29.

If, however, Ahwas has only a Vice-Consulate, the only economy we propose is the deletion of the provision of Rs. 1,800 (a new item in 1931-32), for house-rent for the Vice-Consul.

(b) *Mohammerah.*

(i) *Introductory.*—Mohammerah is the port of transhipment for the Lynch road to Ispahan. The Vice-Consulate is in charge of Vice-Consul, who, besides his pay of Rs. 500, gets the following special pays and allowances:—

						Ra.
Special pay	--	--	--	--	..	200
Sumptuary allowance	--	..	..	..	..	100
Compensatory allowance	..	..	..	..	..	200
Customs compensatory allowance		..	..	..	..	100
Conveyance allowance	..	..	..	..	..	75
					Total	675

Expenditure.—A substantial provision (Rs. 3,000 in the 1931-32 estimates) for the upkeep of a launch is a new item introduced for the first time in 1930-31.

The following table shows the progress of expenditure and we draw particular attention to the growth of expenditure on account of the pay of officers and allowances.

	1913-14.	1922-23.	1924-25.	1929-30.	1931-32.
Pay of officers	..	-20	-06	-05	-11
Pay of establishment	..	-07	-12	-10	-10
Allowances	-01	-06	-05	-09
Supplies and Services	-04	-04	..
Contingencies	..	-18	-13	-12	-10
Total	..	-46	-41	-36	-40

Compared with 1924-25 the net increase of expenditure is Rs. 4,581. The posting of an officer on a higher rate of pay as Vice-Consul (Rs. 5,700), grant of customs compensatory allowance (Rs. 1,900), revision of pay, increments and increased house-rent and other allowances and sanction of conveyance allowance to the Vice-Consul (Rs. 5,300) brought about a gross increase of Rs. 12,900. On the other hand the disappearance of the need for compensation for the depreciation of krans and dollars (Rs. 2,300), decrease in the provision for office allowance (Rs. 3,000), decrease of provision for the maintenance of the launch (Rs. 1,200), the transfer of the central contract grant and other minor decreases (Rs. 1,700) brought about a total gross decrease of Rs. 8,200.

(ii) *Proposals.*—The provision of Rs. 3,000 for a launch (intended for medical work at Abadan where the Anglo-Persian Oil Company's refineries

are situated and at the Shaikh of Mohammerah's palace) should be deleted. These places are said to be inaccessible except by river. But, we observe that the launch which had been sanctioned only in 1922-23 was abolished in the interests of economy and was not revived until 1929-30. We think it should be feasible to carry on without a special launch, as used to be done during the years before and after 1922-23. It might be practicable to get a launch, if and when necessary, from some neighbouring outpost or by arrangements with the Sheikh or the Oil Company, both of whom have a more direct interest in its maintenance than the taxpayer in India has.

In 1922-23 the Vice-Consulate had two clerks; now there are four. At least one post should be abolished, saving about Rs. 2,500 on pay and something more on allowances.

Minor economies in other provisions, *e.g.*, office allowances, should be possible so as to reduce the expenditure by Rs. 7,000 in all.

(c) *Dizful.*

There was a Vice-Consulate at Dizful in Arabistan which cost Rs. 2,490 in 1924-25. Since 1925-26 no expenditure has been incurred because the Vice-Consulate was abolished.

(9) *Bunder Abbas.*

(i) *Introductory.*—This is an important port and centre of trade in the Persian Gulf. The only officer of the Political Department now posted to Bunder Abbas is a Vice-Consul (with the personal rank of Consul), who is also Assistant to the Political Resident at Bushire. In 1930-31 there was a provision for a Military Assistant Surgeon also. The Vice-Consul's post is held by an Assistant Surgeon, who gets a special pay of Rs. 300, sumptuary allowance of Rs. 100, and a customs compensatory allowance of Rs. 100. Further, it appears that the appointment of the Military Assistant Surgeon as Vice-Consul has necessitated the creation of a new post of sub-assistant surgeon on Rs. 300 per mensem.

The other establishments consist of three clerks costing Rs. 6,500 and escorts costing Rs. 5,100. The only other important provisions are Rs. 13,000 for the purchase and maintenance of a launch and Rs. 6,000 for office allowance.

The expenditure has varied as shown below:—

	1913-14.	1922-23.	1924-25.	1929-30.	1931-32.
Pay of officers
Pay of establishment
Allowances
Contingencies
Supplies and Services
Total

* Including Rs. 3,000 for compensation for depreciation of kranas and dollars which is now treated as allowance.

Compared with the actual expenditure of Rs. 59,100 in 1924-25, the 1931-32 provision of Rs. 55,900 shows a decrease of Rs. 3,200. Variations in the pay of officers, the provision of a new item for a sub-assistant surgeon in the current estimates, and larger expenditure on account of the customs compensatory allowance contributed to an increase of Rs. 5,800. On the other hand a drop of Rs. 2,100 in the provision for Supplies and Services and Contingencies, the absence of any necessity for the payment of compensation for the depreciation of krans and dollars, transfer of the central contract grant to the Bushire Residency budget and the fact that no provision has been made in the current budget for leave salary contributed to a decrease of Rs. 9,100.

(ii) *Proposals*.—The department proposes to abolish the launch costing .13. We approve. In the light of the actuals of 1929-30 it should be possible to save another .02 under allowances, compensations and contingencies and perhaps an additional .02 under escort charges. The total reduction should thus be about .17.

(10) *Bushire—Introductory*.—Owing to the strategic and political importance of the Gulf, a First Class Political Residency is maintained at Bushire. It controls the agencies and consulates in South Persia and the Persian Gulf. It has existed for over a century and a half, and played an important part in the politics of the Gulf when the British position in the Gulf Littoral was threatened by Russia and other powers. Portugal, Holland, France, Russia, Germany, Turkey and Oman have, at one stage or another, all been Great Britain's competitors for power and control over the Gulf.

Organisation.—In the 1931-32 estimates provision has been made for the following posts and emoluments:—

Designation.	Pay or scale of pay.	1931-32 provision.	Special pay.	House-rent allowance.	Customs compensatory allowance.	Sump-tuary allow-ance.	Lang-uage pay.	Convey-ance or motor car allow-ances.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1. Resident	4,000	48,000	..	..	150	250	..	..
2. Secretary	600— 2,500	27,900	200	..	100	..	..	..
3. Under Secretary	600— 2,500		200	..	100	..	..	..
4. Treasury Officer	460— 480*	14,000	100	50	50	..	..	..
5. Registrar	500		100	50	50	..	..	..
6. Confidential Assistant	300	4,600	75	50	25	..	..	..
7. Interpreter	410	5,800	75	50	50	..	..	..
8. Surgeon	950	17,000	333/5/4	..	100	..	66/10/8	..
9. Assistant Surgeon	400	7,000	150	..	..	..	..	30

In 1930-31 there was one post of Personal Assistant on Rs. 200 per mensem; this has now been split into two, viz., a Confidential Assistant on Rs. 300 with a special pay of Rs. 75 and a Personal Assistant on Rs. 200 per mensem, the net result being the creation of a new post of a Confidential Assistant. In the course of a single year two officer's posts and four clerical posts were added.†

* The officer in fact draws pay at Rs. 300 per mensem.

† *NOTE*.—These are adjusted figures.

The Secretary is also a Consul incharge of the Consulate situated in the town of Bushire. Besides his secretarial duties he deputises for the Resident when the latter goes out on tour. The Under-Secretary is attached to the Residency, which is situated at Subzabad, eight miles from Bushire and is incharge of the confidential office. On ceremonial visits this officer acts as an *aide-de-camp* to the Resident. The Residency Surgeon is incharge of the medical establishments in the Gulf and is responsible for the general supervision of the quarantine arrangements and of the charitable dispensaries at Koweit, Bahrein and Muscat. The establishment of 19 consists of a Personal Assistant to the Resident, an Indian Agent, a Cypher Clerk, fifteen other clerks and a sub-assistant surgeon. In 1930-31 the establishment numbered only 14. The real increase is however by 4 and not by 5, as has just been explained.

Expenditure.—Of the total provision of 3·43 lakhs officers' pay absorbs 1·35 and the pay of establishments accounts for ·65 (including Rs. 13,500 for escort charges). Among the other important provisions are Rs. 12,000 for travelling allowance, Rs. 3,000 for sumptuary allowance, Rs. 6,100 for house-rent and other allowances, Rs. 10,000 for customs compensatory allowance, Rs. 1,200 for entertainment allowance to the Residency Agent at Shargah, Rs. 7,300 for a launch, Rs. 30,800 for postage, etc., and Rs. 38,900 for office allowance. It may be mentioned that the total provision for office allowance in the 1930-31 budget was Rs. 27,400 as against Rs. 38,900 in the current year.

The following table shows the progress of expenditure :—

	1913-14.	1922-23.	1924-25.	1926-27.	1929-30.	1931-32.
Pay of officers	·93	1·35	1·70	1·37	1·23	1·35
Pay of establishment ..	·25	·34	·43	·44	·46	·65
Allowances	·08	·26	·39	·35	·31	·35
Supplies and Services ..	·02	4·59	·12	·11	·19	·07
Compensations .. ..	..	..	..	..	·01	·01
Contingencies	1·19	·74	·47	·47	1·26	·99
Grants-in-aid .. ..	..	·01	·01	·01	·01	·01
Special charges or secret expenditure	·13	..	1·63	..	..	..
Total	2·60	7·29	4·75	2·75	3·47	3·43

We may draw particular attention to the growth under the first three items compared with 1929-30. Besides this 3·43 lakhs there is a provision of 1·20 lakhs for the hire of a "Despatch Vessel"; the expenditure on the service now performed by this vessel used to be met from and shown under Supplies and Services but is now shown as "miscellaneous other charges" and is not shown under "Bushire".

In 1924-25 the expenditure including that on "Works" was 4·87 lakhs. The apparent decrease of 1·44 is the net result of a gross increase of ·74 counter-balanced by a gross decrease of 2·19. The factors contributing to the gross increase and gross decrease are so numerous that we refrain from giving full details. We shall only summarise them.

The following new posts have been created; viz., Personal Assistant, Cypher Clerk, two other clerks, stenographer, and inferior establishments.

The Indian Agent and Sub-Assistant Surgeon have been given a higher status and pay. Escorts have been increased. Office allowances of certain subordinate agencies have been "centralised" and provided for in the Bushire grant, and the office allowance grant for Bushire itself has been raised, these two by themselves accounting for a little more than half the gross increase.

The fact that there was greater expenditure under head "Pay of Resident" in 1924-25, the posting of junior officers to the Residency in 1931-32, and the abolition of the posts of Assistant Secretary, Vice-Consul, Second Assistant, and one Assistant Surgeon counter-balanced by certain other newly created posts gave a net decrease of .35. The fact that the expenditure in 1924-25 of 1.63 lakhs on secret service and .12 on the Subzabad-Mehdi road has no counterpart in 1931-32 accounts for most of the remaining gross decrease.

Proposals.—We cannot see the justification for the maintenance of three Medical Officers, viz., a Surgeon, an Assistant Surgeon and a non-gazetted Sub-Assistant Surgeon. Subzabad is reputed to be a healthy locality and we do not consider it justifiable to incur expenditure for the benefit of Persians when India herself is so much in need of more medical facilities. The department has decided to abolish the post of Sub-Assistant Surgeon. But, we think, the Surgeon's post should be abolished, saving .17 on pay and say .01 on allowances.

At a time of such acute financial stringency we cannot defend the manner in which the staff of this Residency has been allowed to grow—even 1931-32 witnessed some growth. We explain below in some detail what has been done; our proposals are justified by the mere fact that somehow the work could be carried on with a very much smaller staff till 1930-31.

Upto 1930-31 there was one gazetted post of Personal Assistant on Rs. 200 p. m. This has now given place to two, viz., a gazetted post of Confidential Assistant and a non-gazetted post of Personal Assistant on Rs. 200 p. m. The cost has thus gone up in 1931-32 by the full pay of the Confidential Assistant. This arrangement should be reversed, saving about .05.

Similarly, in place of a combined Registrar and Treasury Officer till 1930-31 there are, in the current year, two officers each holding a part of the combined charge. One post should be abolished, saving .07.

We presume that in the light of the actuals of 1929-30 and the budget of 1930-31 some saving—say Rs. 5,000—under leave salary for officers is also possible.

The establishment (including a Sub-Assistant Surgeon) which numbered only 9 in 1922-23 rose to 14 in 1930-31 and has again shot up to 18 plus a Personal Assistant. This appears to us to be unduly rapid growth. The progressive character of administration in Persia should lead to a gradual decrease and not increase of foreign consular establishments. We propose that the strength should be substantially curtailed and the expenditure on establishments be reduced from .654 to .457 (the actuals of 1929-30) saving .20.

Further, we find considerable scope for economy in the provision of '99 for Contingencies. We presume that Secret Service money is included in "office allowance". The previous amount of '30 for this purpose was large enough; in 1931-32 it was raised to '39, presumably because the office allowances of some of the subordinate officers have been centralised. We take it that the provision for the purchase of surgical instruments and appliances will not have to be repeated. A reduction of about Rs. 8,000 in all should be made in these and the other contingencies.

The total reduction of expenditure from our proposals above will be '64 lakh.

Despatch Vessel.—We may now deal with the despatch vessel for the Political Resident at Bushire for which a provision of 1'20 lakhs has been made in the 1931-32 estimates.

The assignment of a special despatch vessel for the use of this Residency dates from 1887. The annual maintenance alone used to cost a little over seven lakhs in the early post-war period. As a result of the 1922-23 retrenchment campaign it was decided to combine the duties of a despatch vessel and a lighting and buoying tender in one vessel, but the arrangement was found unworkable, especially because the Resident requires the despatch vessel at short notice. The services of a steamer belonging to the Indo-European Telegraph Department were secured at Rs. 2,000 per day. Consequent on the withdrawal of this Department from the Persian Gulf, this steamer is not now available for the Resident's tours. The department holds that "all the factors which made it in the past essential for the Resident to be able to move rapidly about the Persian Gulf and wait at any point of the coast during possibly protracted negotiations are still in operation and his work on the Arab Coast is indeed increasing in importance", and that the expenditure of 1'20 lakhs is inevitable and irreducible.

We have carefully considered the department's view but find ourselves unable to accept it. The reasons why the Resident cannot use His Majesty's vessels in the Gulf and, wherever possible, the Mail Service are by no means obvious to us. Secondly, we hold that it should be possible to send out (possibly with some cargo on the outward and the return journeys) one of the two steamers maintained for the Andamans service. So far as we can see, it is only a question of making arrangements in such a way as to meet the mutual convenience of the Resident and the Andamans administration. Thirdly, now that shipping is slack, it should be possible to get the rates appreciably reduced. We agree that a special despatch vessel at the Resident's disposal is bound to be more convenient to him. But, in our opinion an expenditure of 1'20 lakhs on the maintenance of a special despatch vessel is unduly high, especially at present. We have made some suggestions for its reduction, but we do not wish to be understood to make any definite recommendation other than that the expenditure should be reduced by one half.

(11) *Kerman.*—A consulate is maintained at Kerman not very far from the Afghanistan and the Baluchistan frontier.

A Consul (special pay Rs. 200 *plus* language allowance Rs. 150 and sumptuary allowance of Rs. 200 p. m.) and an Attaché (pay Rs. 410) are the two

officers attached to the Consulate. A medical officer gets an allowance of Rs. 100 p. m. The two clerks' pay costs Rs. 4,500 and escorts cost Rs. 7,400. The only other important provision is Rs. 12,200 for office allowance.

Expenditure has varied as below :—

	1913-14.	1922-23.	1924-25.	1929-30.	1931-32.
Pay of officers	·19	·34	·33	·40	·35
Pay of establishment	·09	·18	·18	·12	·12
Allowances, etc.	·01	·11	·15*	·15	·09
Contingencies	·17	·18	·17	·16	·15
Total ..	·46	·81	·83	·83	·71

The net decrease of Rs. 11,287 was the result of a gross increase of Rs. 7,700 and a gross decrease of Rs. 19,000—both due to minor but typical reasons.

Proposal.—Staff and expenditure have not grown. But we consider that it should not be difficult to effect a reduction of about Rs. 1,000 under allowances and contingencies.

(12) *Koweit.*—This Political Agency was established in 1904. The importance of Koweit lies in the fact that it is a potential meeting place of sea-borne and other trade and was selected as the terminus of the German-projected Baghdad Railway. It also holds a peculiar position in the politics of Northern Arabia, particularly in British political relations with the rulers of the Hedjaz, Nejd and Iraq. The ruler of Jabal Shamar on the south-western flank of Mesopotamian Koweit is considered to be a potent factor in the politics of these States.

Besides a Political Agent (special pay Rs. 200, sumptuary allowance Rs. 100 p. m.), an Assistant Surgeon (pay Rs. 450 *plus* a special pay of Rs. 125) is maintained. Three clerks including a passport clerk cost Rs. 6,500. We should add that in 1922-23 there was only one clerk. The only other important items of expenditure are Rs. 2,500 for a launch and Rs. 6,900 for office allowance.

The expenditure has varied as below :—

	1913-14.	1922-23.	1924-25.	1929-30.	1931-32.
Pay of officers	·22	·17	·31	·28	·29
Pay of establishment	·07	·06	·04	·05	·06
Allowances	·01	·09	·08	·04	·03
Supplies and Services	·10	·12	·05	·04	·03
Contingencies	·10	·15	·13	·26	·14
	·50	·59	·61	·67	·55
Grants-in-aid etc.	·60	·60	..	·01	·01
Total ..	1·10	1·19	·61	·68	·56

*Includes ·05 for compensations now appearing as allowances.

The decrease of Rs. 4,985 compared with 1924-25 was the net result of an increase of Rs. 7,400 and a decrease of Rs. 12,000. The increase was caused by (i) the provision in the 1931-32 estimates of Rs. 2,000 for leave salary for officers, (ii) increase of Rs. 1,800 under postage and telegrams, (iii) Rs. 1,800 by the revision of pay of the establishments, and (iv) Rs. 1,800 by increments, passages and other minor reasons. The decrease of Rs. 12,000 was caused by variations in the pay of officers (Rs. 4,000), the disappearance of the provision for compensation for the depreciation of krans and dollars (Rs. 5,300) and decreased provisions for tour charges, office allowance, maintenance of beacon and launch, transfer of central contract grant, etc. (Rs. 2,700).

Proposals.—Considering the somewhat isolated situation of this agency we are not confident that it will be found practicable to carry on without a medical man attached to the Agency. But, we do not see why he must be of the status of an Assistant Surgeon. A selected Sub-Assistant Surgeon might perhaps suffice. We assume that our proposal will yield a saving of about .05 on pay and allowances.

The agency had one clerk in 1922-23 ; it has three clerks now. One clerical post should be abolished and expenditure reduced to about the 1929-30 level, saving .02.

The contract grant for the maintenance of the launch, and the provisions of Rs. 6,900 for office allowance and Rs. 2,200 for the tour grant can be made to yield a saving of .01. Total saving .08.

(13) *Kermanshah and Lingah.*—The Kermanshah Consulate which cost .79 in 1924-25 was transferred from 1925-26 to the control of the British Foreign Office. The Vice-Consulate at Lingah was abolished in 1922, the Consul at Bunder-Abbas being made responsible for its work.

(14) *Shiraz.*—The total provision is Rs. 1,200 ; the gross cost is Rs. 2,400 but a deduction of Rs. 1,200 has been made for "probable savings". The provision is for a medical attendant on Rs. 100 p. m., a compounder, and two gardeners who work as care-takers. We presume that the real budget figures in the British estimates.

The following table shows that compared with 1924-25 the 1931-32 budget shows a decrease of about .05 due mostly to the fact that in 1931-32 there is no counter-part of the actual expenditure of Rs. 3,310 on "Works" and Rs. 800 on "Contingencies" in 1924-25.

	Actuals 1924-25.	Budget 1931-1932.	Increase + Decrease —
Accounts II, etc.—			
C.-2—Pay of Establishments	1,943	1,100	—843
C.-3—Allowances, Honoraria, etc. ..	88	100	+12
C.-7—Contingencies	800	..	—800
C.-9—Works	3,310	..	—3,310
Total	6,141	1,200	—4,941

(15) *Persian Legation at Teheran.*—This Legation is under the direct control of His Majesty's Government. The estimates in the Indian budget constitute but a fraction of the expenditure on the Legation. The provision in the Indian budget is Rs. 1,400 for escorts' pay and Rs. 4,700 for house-rent and other allowances. Nearly 90 per cent. of the provision of .13 for contingencies is for postage and telegrams.

Proposals.—The only portion of the establishments of the Legation at Teheran for which provision is made in the Indian estimates appears to be the escorts, the provision being Rs. 1,400 for their pay. If the house-rent and other allowances be for the escorts, the provision of Rs. 4,700 is excessive. A provision of Rs. 13,000 for Contingencies is also unduly high.

The budget might be reduced by Rs. 4,100 to Rs. 15,000.

(16) *Khorasan.*—The Khorasan Consulate-General at Meahed in the north-eastern corner of Persia, not far from the Russian and the Afghan frontiers, is exceptionally well situated in relation to Russia and Afghanistan, which both maintain Consulates-General there.

A Consul-General (special pay Rs. 250, sumptuary allowance Rs. 500, conveyance allowance Rs. 100, customs compensatory allowances Rs. 100), an Indian Attaché (Rs. 400—20—500), three clerks and a wireless operator are maintained. Apart from the pay and allowances of the staff the only important provision is the unusually large provision of Rs. 31,300 for office allowance which presumably includes secret service money. The entire staff is provided with residential accommodation.

Medical work is entrusted to the American Mission.

Expenditure has varied as below :—

	1913-14.	1922-23.	1924-25.	1929-30.	1931-32.
Pay of officers	·59	·69		·38	·35
Pay of establishment	·20	·19		·13	·09
Allowances, etc.	·10	·09		·20	·16
Supplies and Services .. ..	..	..	1·63	·01	·01.
Contingencies	·54	·44		·41	·35
Works .. ..	..	..		·05	..
Total	1·43	1·41	1·63	1·18	·96

Transfer of the Vice-Consul's post to the Levant Consular Service, abolition of the post of Agency Surgeon (which it is now intended to revive) and transfer of sterling overseas pay to the High Commissioner's budget (.42), abolition of consular escorts (.09), less provision for depreciation of kranas (.09), abolition of medical establishments (.02) and decrease under contingencies (.08) resulted in a gross decrease of .70, while increased provision for allowances added .03 to the cost. The net result has been a decrease of .67 as compared with 1924-25.

Proposals.—We approve the department's proposal to abolish the post of Wireless Operator, saving about Rs. 2,000 on pay and allowances and Rs. 500 on the maintenance of the wireless set.

Meshed is claimed to be an expensive place where the Consul-General has to keep pace with the Russian and Afghan representatives as regards entertainment. Even then we hold that the rate of sumptuary allowance, viz., Rs. 500 p. m. is unusually high. This should be reduced by more than the half which we have recommended in general. We assume a saving of Rs. 600 in addition to the saving of one-half which we have already recommended generally in paragraph 6 (b) above.

The office allowance of Rs. 31,300 is altogether disproportionate and should be reduced to 20. Total reduction Rs. 20,400 or say 20.

(17) *Seistan and Duzdap.*

(i) *Seistan.*—The Seistan Consulate under a Consul controls also the working of the Vice-Consulate at Birjand. The Assistant Surgeon (pay Rs. 400—500) attached to this Consulate is, *ex-officio*, Vice-Consul at Seistan itself; the department proposes to revert to the practice of appointing an I. M. S. officer to this post. The Vice-Consul at Birjand is a Sub-Assistant Surgeon. There is also a Confidential Extra Assistant of gazetted rank (pay Rs. 440—500). The Consul gets a special pay of Rs. 300 and sumptuary, language and customs compensatory allowances of Rs. 200, 100 and 125 respectively. Total Rs. 725. The Vice-Consul, Seistan gets two special pays of Rs. 150 and 100 and a compensatory allowance of Rs. 50. The Vice-Consul of Birjand and the Extra Assistant also get special pays of Rs. 50 each and customs compensatory allowances of Rs. 10 and Rs. 50 respectively.

The establishments consist of four clerks, a Trade Agent, two Sub-Assistant Surgeons, a compounder, a dresser, and twelve dak and postal sowars. There are also provisions of Rs. 300 for a telegraph establishment, Rs. 600 for a special pay to the wireless operator, and Rs. 8,300 for escort charges.

Duzdap.—The Vice-Consulate at Duzdap was created in 1923-24 and since 1926-27 a trade agency is also maintained there. The Vice-Consul gets a special pay of Rs. 100, a sumptuary allowance of Rs. 150 and a customs compensatory allowance of Rs. 50. The establishments consist of a Trade Assistant, two clerks, two servants, a Sub-Assistant Surgeon, a compounder, a dresser, and guards for the Vice-Consulate.

The Duzdap Trade Agency is manned by a Trade Agent (Rs. 400), two clerks and four servants.

Expenditure—Seistan and Duzdap.—Apart from the pay of the establishments the important provisions are :—

Seistan.—Rs. 8,000 for travelling allowance, Rs. 2,500 for the maintenance of a lorry, Rs. 11,500 office allowance and Rs. 3,000 for “special charges” which, we presume, means, “or at least includes, “secret service money”.

Duzdap Vice-Consulate.—Rs. 5,300 for office expenses and miscellaneous expenditure.

The following tables show how the expenditure on Seistan and Duzdap and the staff maintained there have grown :—

(a) Expenditure.

	1913-14.	1922-23.	1924-25.	1929-30.	1931-32.						
Pay of officers ..	·41	·46	} 1·53	} ·61	} ·62						
Pay of establishment ..	·30	·37				} ·44	} ·46				
Allowances, etc. ..	·08	·13						} ·22	} ·21		
Supplies and Services ..	·05	·03								} ·08	} ·08
Contingencies ..	·32	·21										} ·32	} ·27
Total ..	1·16	1·20	1·53	1·67	1·64						

(b) Staff.

Officers	4	4	7	7
Clerical	} 27	} 26	15	14
Inferior			20	16

Compared with 1924-25 expenditure has grown by ·11. This is the net result of a gross increase of ·41 and a gross decrease of ·30. The former was brought about as follows :—

(a) ·16 by the creation of the Trade Agency at Duzdap in 1923-24, (b) ·20 due to the posting of a senior officer and addition to, and revision of pay of, establishments and entertainment of guards for the Vice-Consulate at Duzdap, (c) Rs. 1,300 by the revision of pay of establishments, maintenance of the wireless set and increased provision for the maintenance of a motor lorry for the Seistan Consulate, (d) Rs. 3,246 by increased provision for allowances. It was counter-balanced to the extent of ·16 by the transfer to the High Commissioner's budget of sterling overseas pay and by the posting of junior officers and of ·14 by the decreased provision under other heads including depreciation (.09) of krans.

(ii) *Proposals*—(a) *Seistan*.—Between 1922-23 and 1931-32 the number of officers has grown from 4 to 7 and of establishment from 26 to 30. Expenditure has naturally grown from 1·20 in 1922-23 to 1·64 in 1931-32. There is a clear case for reduction.

Since there is a Trade Assistant available at Duzdap, the Vice-Consulate at Duzdap dating from 1923-24 should be abolished, saving :41.

Again, at Seistan itself it should not be necessary to have both a part-time Vice-Consul—*viz.*, the Agency (now Assistant) Surgeon, *ex-officio*,—and a full-time Consul. The provision of Rs. 1,200 for the payment of what in effect is a duty allowance to the medical officer at Seistan for work as a part-time Vice-Consul should be deleted. Further, we do not accept the department's view that this consulate should revert to the practice of having an I. M. S. Officer in charge of the medical arrangements at Seistan, Duzdap and Birjand. In our opinion the extra cost is out of proportion to the gain, if any, expected from the change of practice contemplated.

Other economies should also be effected so as to reduce the expenditure by at least ·45 in the aggregate.

(b) *Duzdap*.—A Vice-Consulate was set up here in 1923-24 and, in addition a trade agency in 1926-27. We understand that the Trade Agency does mainly "intelligence" and "passport" work, and that police work on the Duzdap-Nushki section of the railway is slight; we have been informed that the railway now ends at Kundi. The former work used to be done by the Baluchistan Agency's staff. *Prima facie* we see no reason why both these new establishments should be retained. We have proposed the abolition of the Vice-Consulate, Duzdap [see (a) above]; in this conclusion we are fortified by the fact that the railway now ends at Kundi and Duzdap is no longer of great importance. Here, we are content to recommend that the provision of Rs. 3,600 for secret service expenditure should be reduced by one-half. We cannot justify heavy secret service expenditure by an officer professedly maintained for trade purposes. The provision of Rs. 2,400 for the officer's leave salary will presumably not be needed. A reduction of at least Rs. 4,000 in the provision of Rs. 16,400 should thus be made in the 1932-33 budget.

(18) *Summary*.—On our retrenchment proposals for the period of transition the total reduction of expenditure will be 2·20 lakhs (against 2·19 in our skeleton scheme) plus ·60 on the despatch vessel=2·80 lakhs.

There will also be a genuine and permanent saving by halving, as proposed by us in paragraph 6 (b), the special pays and allowances and also by the department's proposal to recruit escorts locally. We are unable to estimate the amount, but we expect that it will be a substantial figure.

CHAPTER XIX.

KABUL LEGATION AND THE CONSULATES AT JALALABAD AND KANDAHAR.

(1) *Introductory.*—We shall now deal with Head D.—Other Diplomatic Charges—of Account II. This head is concerned entirely with His Britannic Majesty's Legation at Kabul established in 1923 and its subordinate Consulates at Jalalabad and Kandahar.

Afghanistan used to be in political relations with the Government of India, and a subsidy (which in 1913-14 was Rs. 19 lakhs) used to be paid to the Amir from Indian revenues. After the Third Afghan War (1919) followed by the Treaty of 1921, direct diplomatic relations were established between His Majesty's Government and Afghanistan, and relations with India except as a part of the British Empire as well as the subsidy came to a close. In fact, however, the entire expenditure on the Legation and the two Consulates is still charged to Indian revenues.

(2) *Organisation.*—(a) *Kabul Legation.*—The British Minister at Kabul is assisted by a Counsellor, a Secretary and an Oriental Secretary. A Surgeon is also attached to the Legation. The ministerial establishment comprises a Superintendent, a Second and a Third Clerk, a Mir Munshi, an Accountant, a Passport clerk, a Nazir, a Sub-Assistant Surgeon and other medical staff. A Garage Superintendent is also maintained. The 1930-31 estimates contained a provision of Rs. 5,100 for mounted orderlies; this provision has not been repeated in the 1931-32 estimates under pay of establishments.

The Minister gets a sumptuary allowance of Rs. 750 p. m., and the Oriental Secretary a sumptuary allowance of Rs. 300 p. m. For special pays and other allowances paragraph 5 (ii) (c) may be seen.

(b) *Jalalabad and Kandahar Consulates.*—For each Consulate a Consul, a clerk, a Sub-Assistant Surgeon and two servants are maintained. The Consul at Jalalabad gets a sumptuary allowance of Rs. 300 and his confrère at Kandahar Rs. 100 p. m.

(3) *Expenditure.*—(A) *Explanation of the grant.*—The 1931-32 total provision for the Legation and its subordinate Consulates is 4·09 lakhs including Rs. 5,000 for entertainment charges but excluding Rs. 8,500 for Kabul refugees and State prisoners. A little over 75 per cent. of the total cost is incurred on the Kabul Legation itself.—

(i) *Kabul Legation.*—Of the total provision of 3·50 lakhs for the Kabul Legation, 1·19 represents the pay of the diplomatic officers and ·56 is the provision for the pay of establishments including medical. Among the other noteworthy provisions are :—

- Rs. 12,600 for sumptuary allowance,
- Rs. 8,000 for house rent and other allowances,
- Rs. 39,000 for the purchase and upkeep of motor lorries,
- Rs. 1,100 a new item for the purchase and upkeep of motor cars,
- Rs. 9,700 for Legation and camp furniture, and
- Rs. 28,500 for office expenses and miscellaneous expenditure.

(ii) *Jalalabad and Kandahar Consulates.*—The noteworthy provisions for the Consulates are the sumptuary allowances mentioned above and a provision of Rs. 3,000 for initial furniture for the Kandahar Consulate. This presumably is a non-recurring provision.

(B) *Progress of expenditure.*—Up to the outbreak of the Third Afghan War in 1919 there was only one British representative in Afghanistan—an Indian Mohammadan—stationed at Kabul. He was assisted by one clerk and had an escort. The expenditure on the maintenance of this Agent and his staff was naturally small, the actuals of 1913-14 being Rs. 40,000 and the estimates for 1921-22 being 56 lakh.

The budget estimate for 1922-23 for the Legation was 5.26 lakhs and the total strength of the staff contemplated, including seven officers, was 36. In that year the actual expenditure excluding "Works" was 5.55. The actuals of 1929-30 are abnormal owing to the fact that the Legation had to be closed temporarily during the Afghan disturbances and remained closed until 1930-31. The following table, however, gives the figures for certain years :—

	1922-23.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
<i>Kabul—</i>						
Pay of officers	1.46	1.28	1.22	.28	1.16	1.19
Pay of Establishments .. ..	.31	.61	.71	.38	.60	.56
Allowances .. ..	.42	.32	.39	.36	.29	.27
Supplies and Services	2.13	2.31	1.26	.60	1.00	.59
Contingencies	1.23	1.26	1.51	.46	1.00	.90
Grants-in-aid .. ..	..	..	.01	.71	.01	.01
Entertainment charges .. ..	..	..	..	..	.05	.05
Works .. ..	..	..	..	..	.71	..
	5.55	5.54*	5.10	2.80†	4.80*	3.55†
<i>Jalalabad</i> .. ..	.09	.28	.25	.10	.02	.27
<i>Kandahar</i> .. ..	.10	.24	.24	.10	.01	.28
Total for all	5.74	6.06	5.59	3.00	4.83	4.09†

* Allowing for a deduction of .24 for establishment charges debited to Army estimates.

† Difference in totals due to rounding.

Compared with 1913-14 when the expenditure was only .40, it has undergone a revolutionary change. It jumped from .56, estimate for 1921-22, to 5.55 lakhs, actuals of 1922-23. The heavy increase was due to the establishment of the Legation and the two Consulates. There was, however, an offset to this expenditure in the discontinuance of the subsidy payable to the Amir. We may add that the 1922-23 actuals were the result of expenditure planned on a somewhat lavish scale, e.g., there was provision for a Rolls-Royce for the Minister.

The Inchcape Committee was informed that it was proposed to make reduction of .46 in the budget provision of 5.26 for 1922-23. It recommended that the question, whether a less expensive building for the Legation than the one estimated to cost sixteen lakhs would not suffice, should be considered. It will also be seen that the cost of the Legation has been going down, steadily; (year 1929-30 was abnormal).

(C) *Analysis of the progress of expenditure since 1924-25.*—Compared with the actuals of 1924-25, the 1931-32 provision shows a decrease of .75 lakh. This decrease is the net result of the following causes:—

(i) The following items caused increased expenditure:—

	Ra.
(a) Special pay to the Garage Superintendent and the appointment of a clerk and a nazir	7,454
(b) Increased sumptuary allowance to the Minister, larger provision for house rent and other allowances. [For brief history see paragraph 5 (ii) (c)]	3,715
(c) Increased provision for entertainment	1,000
(d) Increased provision under "Contingencies"	5,322
(e) Contribution for passages for military officers	600
(f) Revision of pay of hospital establishment and increased provision for medicines, etc.	4,700
(g) Increased sumptuary allowance, house rent, and contingent expenditure in the Jalalabad Consulate	4,344
(h) Provision for new furniture (Rs. 3,000) and increased contingent expenditure in the Kandahar Consulate. (Rs. 598)	3,598
Total Increase	30,733

(ii) On the other hand there was a decrease of expenditure on the following items:—

	Ra.
(a) Omission of the provision for Kabuli compensation allowance	15,890
(b) Reduction on purchase and upkeep of cars and horses mainly due to the abolition of the Consular guards	31,702
(c) Posting of junior officers and provision of sterling overseas pay in the High Commissioner's budget	28,925
(d) Reduction of expenditure under Rates, Rents, and Taxes owing to the construction of Government buildings for the Consulate	29,000
Total decrease	1,05,517

(iii) The net decrease is Rs. 74,784. But a good deal of the decrease under (ii) (c) is merely nominal and gives no relief to central revenues, since the money has to be found in any case.

(4) *Departmental offer.*—The Minister had at first provisionally agreed to make a definite reduction of ·30 in his budget estimates for 1932-33. The department's actual offer to reduce the expenditure has, however, amounted to ·23 lakh in the combined budget of the Legation and the two Consulates. The department has further explained that there will be additional receipts of Rs. 6,000 which formerly used to be accounted for as reduction of expenditure. The details of this reduction have, however, not been supplied to us.

(5) *Our proposals.*—We question India's liability to bear as she at present does the whole of the expenditure on the Kabul Legation and its subordinate consulates. Afghanistan now maintains direct diplomatic relations with His Majesty's Government. It is a matter of common knowledge that many European and Asiatic powers maintain their own diplomatic representatives at Kabul. Hence, we presume that even apart from the question of India, His Majesty's Government would maintain diplomatic relations with Afghanistan, which today occupies a more important position in international politics and trade than she did formerly. Great Britain should therefore bear her share of the cost of the Legation. We must admit the difficulty of assessing precisely the relative interests of Great Britain and India in Afghanistan. Our own inclination is to suggest that His Majesty's Government should be invited to undertake *at least* one-half of the total cost. For the present and as a modest beginning, however, we shall be content if they agree to contribute one-third of the cost of the Legation proper. As regards trade interests it is true that India is interested in the trade with Afghanistan. We are not, however, inclined to accept the view that the consulates at Jalalabad and Kandahar are maintained entirely or even mainly for the furtherance of trade between Afghanistan and India. We have had no evidence to show that their establishment has contributed to any increase in such trade. Our recommendation is that the consulates should be abolished altogether, and that in any case they should cease to be a burden on Indian Revenues.

While we proceed to examine the expenditure in some detail, we shall assume a reduction of expenditure by one-third, *i.e.*, 1·18 from this proposal.

(i) (a) Considering that a single representative of the Indian Government could carry on diplomatic relations with Afghanistan before the establishment of the Legation, the present staff of the Legation appears to us to be altogether excessive. When there is a Minister on a pay almost equal to that of a First Class Resident and he has a Secretary and an Oriental Secretary, we see no reason why there should also be a Counsellor. The provision of ·29 for this post should be deleted.

(b) The provision for the pay of establishment was ·31 in 1922-23; it is ·56 now. This provision should be reduced [*vide* (c) below] to about ·45 lakh; the additional ·14 makes due allowance for revisions of pay and accrual of increments.

(c) The following table shows the scales of pay and the special pays for each member of the staff of the Legation and the Consulates. The current provisions are also mentioned so as to place the special pays against the background of the pay proper. It will be seen that out of the Rs. 3,710 p. m., Rs. 2,000 is payable to officers and the rest to the establishments. Considering

that there are sumptuary, house rent and other allowances still payable to various officers, we think that there is unusually large room for reduction of expenditure without any appreciable curtailment of the strength of the staff.

	Scale of pay. Rs.	1931-32 provision. Rs.	Special pay per mensem. Rs.
<i>Kabul Legation.</i>			
1 Counsellor	500—2,250	29,000	500
1 Surgeon	1,100	18,000	400
1 Secretary	500—2,250	14,200	300
1 Oriental Secretary	600	12,000	400
<i>Establishment.</i>			
1 Superintendent	500—600	9,400	250—300
1 Third Clerk	150—200	5,100	225
1 Second Clerk	250—300	5,800	225
1 Mir Munshi	150—200	5,100	225
1 Accountant	150—200	5,100	225
1 Garage Superintendent	450—600	9,000	150
1 Passport Clerk	150—200	4,200	150
<i>Jalalabad Consulate.</i>			
1 Consul	600	9,600	200
1 Clerk	150—200	2,200	30
1 S. A. Surgeon	150	3,000	100
<i>Kandahar Consulate.</i>			
1 Consul	600	9,600	200
1 Clerk	150—200	2,200	30
1 S. A. Surgeon	150	3,000	100
Total .. .. .	....	1,46,500	3,710

The Minister's sumptuary allowance used to be at the rate of Rs. 500 until it was raised in 1924 to Rs. 750 p. m., and again, as an experimental measure for three years, from 1928-29 to Rs. 1,000 p. m. On taking charge the present minister agreed to accept Rs. 750 p. m. on condition that it should be open to him to come up for a reconsideration of the rate. We propose that this allowance should be reduced to the pre-1924 figure of Rs. 500 p. m. The sumptuary allowance to the Oriental Secretary should be abolished.

As regards other special pays and allowances, we suggest a fresh scrutiny, but provisionally and pending the result of such scrutiny we recommend, as we have done in the case of the North-West Frontier Province, etc., that these special pays and allowances should be reduced by one-half.

(d) Although we recognise that the current provision for the courier's service is appreciably less than the budget estimates for 1930-31, we do not

see the need for such a large provision. We hope that the Department would see its way to substitute arrangements which would not involve such a heavy expenditure. While we recommend that this question should be scrutinised, we are not in a position to indicate the resultant savings.

(e) The budget should of course be reduced by the abolition of all non-recurring provisions, *e.g.* Rs. 3,000 for the initial furniture for the Kandahar Consulate.

On the specific proposals and suggestions made above and after making allowance for possible savings, we recommend that the budget for the Kabul Legation proper should be brought down by $\cdot 57$ lakh, *i.e.*, to about 3.00 lakhs, out of which at least one-third should be borne by His Majesty's Government.

(6) *Summary.*—Our proposals will yield a saving of 2.10 lakhs (1.55 on the Kabul Legation and $\cdot 55$ on the Consulates) in the Government of India's budget for 1932-33.

CHAPTER XX.

OTHER POLITICAL EXPENDITURE.

We shall now deal with the rest of Account II—Other Expenditure Heads—and with Account III—Expenditure in England and Exchange.

(1) *Account II.*—The expenditure covered by Account II amounts to 48·62 lakhs and has varied as shown below :—

	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
Allowances to Dera Ghazi Khan tribes	·13	·13	·13	·13	·13	·13
Charges of N. E. Frontier (Assam)	1·19	1·09	1·11	1·07	1·12	1·12
Expenditure in Persia	9·23	9·23	10·32	9·19	8·73	8·59
Other diplomatic charges	4·98	6·31	5·59	3·00	4·07	4·04
Political subsidies	3·06	3·09	3·07	3·09	3·07	3·07
Entertainment charges	·88	1·46	1·11	·41	·38	·40
Refugees, etc... .. .	3·48	3·39	3·29	3·57	3·21	3·15
Special political expenditure	10·04	10·64	10·00	10·05	49·89	10·00
Indian States Forces	5·71	5·76	5·97	5·91	6·00	6·44
Works	2·31	1·33	1·68	2·99	3·57	4·18
Miscellaneous	7·48	10·91	6·85	9·39	8·25	7·49
Lighting and buoys in the Persian Gulf	—·15	..	..	..	..	..
Total	48·34	53·34	49·12	48·80	88·42	48·62

We have already dealt with charges on the North-East Frontier along with other political expenditure in Assam (*vide* Chapter XVII) and with diplomatic and consular services in (a) Persia and the Persian Gulf (*vide* Chapter XVIII) and (b) the Kabul Legation and its two subordinate Consulates at Jalalabad and Kandahar (*vide* Chapter XIX). We shall deal with (a) charges for organising Indian States Forces and (b) the Malwa and the Mewar Bhil Corps in Chapters XXI and XXII respectively.

In this chapter we shall deal with the remaining comparatively unimportant items.

(2) *Allowances to Dera Ghazi Khan Tribes.*—The provision is ·13 in the Punjab circle of Account. These allowances are paid to the tribes inhabiting the strip of country between Dera Ghazi Khan and Baluchistan. The amount used to be Rs. 10,000 till 1920, when it was raised to the present figure of ·13

lakh, presumably because of the unprecedented rise in the cost of living which had followed in the wake of the War.

These allowances are, in essence, an amalgam of payments for services rendered and tribal subsidies. The circumstances under which they are paid are, we suppose, similar to those in the case of the allowances paid from the North-West Frontier Province and Baluchistan "area" grants. We presume that the tribes would consider that the amounts are obligatory and irreducible. Besides, the total provision is small. Hence, although there is a colorable case for their reduction to at least the pre-1920 level on the ground of the fall in prices, we refrain from making any recommendation for reduction.

(3) *Political Subsidies*.—The provision for political subsidies in the "non-area" grant is 3·07, viz., Rs. 1,86,400 to the Sultan of Muscat, Rs. 1,00,000 to Bhutan State, Rs. 12,000 to Sikkim Durbar and Rs. 8,600 for subsidies to the Mirs of Hunza and Nagar and to the Chiefs and Governors of certain political districts in the Gilgit Political Agency. The amounts of the subsidies to Muscat, Bhutan and Sikkim are fixed. The expenditure on subsidies in the Gilgit Agency appears to be variable as shown by the following actuals:—

1926-27.	1927-28.	1928-29.	1929-30.
Rs.	Rs.	Rs.	Rs.
7,180	10,523	8,500	10,800

In view of the importance of respecting the Government of India's engagements we do not recommend any reduction. We might, however, point out the desirability of keeping these payments within defined limits.

As for the Muscat subsidy, we have dealt with it under our main proposal in Chapter XVIII, paragraph 6(a).

(4) *Entertainment charges*.—The 1931-32 provision is Rs. 39,600. These charges are essentially of a fluctuating nature, and are intended in most cases to meet the cost of firing salutes in connection with the visits of Indian chiefs and notabilities and on ceremonial occasions. Prior to the retrenchment of the army budget the firing of salutes was a service rendered gratuitously by the Army. Since the so-called "commercialisation" of the army budget the Army charges for these services. The balance is intended to provide for the entertainment of visitors to the agencies.

We are not aware of the principles on which the payments to the army for the firing of salutes were fixed or are determined. Since presumably no extra personnel has to be engaged, we suggest that only the direct extra cost involved to the army by this service should be charged. In this connection we may also refer to the general fall of prices of all commodities. Some reduction should thus be possible. We recognise that it is difficult to adduce precise reasons in favour of a particular figure. But taking everything into consideration we think it should not be difficult to reduce the provision by about ·15 to ·25. Under our proposal in Chapter XII, paragraph 14, the provision of Rs. 1,500 for expenditure on "entertainment" at Yatung will, of course, not be required.

(5) *Refugees and State Prisoners*.—The amount provided in the 1931-32 estimates is 3·15 lakhs. A considerable portion of this provision is for ex-

penditure in connection with the late *Ex-Amir Ayub Khan* and his dependents and their dependents. The following table shows the details:—

	Rs.
<i>India.</i> —	
Burmese Princes	3,100
<i>Bengal.</i> —	
Kabul refugees and State Prisoners	25,800
<i>Madras.</i> —	
Chitrali detenue	600
Mapillas and other prisoners	24,000
<i>Bombay.</i> —	
Kabul refugees and State prisoners	9,300
Special allowance to the late <i>ex-king Thebaw's</i> family	2,400
<i>United Provinces.</i> —	
Charges in connection with the late <i>ex-Amir of Afghanistan</i>	31,200
Allowance to Afghan refugees from Kabul	50,300
Allowance to other State prisoners	9,700
Afghan Refugees deported from Persia	29,300
<i>Punjab.</i> —	
Allowances to Sardar Ayub Khan's family and followers	30,500
House rent for Sardar Ayub Khan's family	2,900
Educational allowances	1,300
Allowances to Afghan Refugees from Kabul	5,900
Allowances to Sardar Abdur Rehman Khan and his followers	29,300
House rent, etc., for Sardar Abdur Rehman Khan and his followers	4,900
Education allowance	2,800
<i>Burma.</i> —	
Refugees and State prisoners	51,400
	3,14,700

We consider that broadly speaking this expenditure is more or less obligatory. We have therefore no reduction to suggest.

(6) *Special Political expenditure.*—The only provision in the 1931-32 budget is for the annual present of ten lakhs to the Government of Nepal. We observe, however, that the revised estimates for 1930-31 included an extra provision of 39·89 lakhs for other special political expenditure. We have no proposal to make in regard to the annual present to the Government of Nepal.

(7) *Works.*—The total provision is 4·18 lakhs, *viz.*,

	Rs.
Gyantse	11,800
Gyantse (new item)	33,700
Gwalior	20,000
Mysore	16,000
Yatung	3,800
Yatung (new item)	2,000
Mewar	3,400
Kerman	800
Madras Circle	27,100
Punjab	3,00,000
	4,18,400

A sum of three lakhs represents a portion of the non-recurring outlay on the construction of buildings for the Punjab States Agency at Lahore. The balance is for expenditure on minor works connected with the various "non-arca" agencies and residencies.

As regards agency buildings at Lahore, we have already stated that some provision will be needed in 1932-33 to complete the construction of the agency buildings and that such provision as may be found necessary may be treated as additional to the budget proposed by us for that agency. Since we do not know the extra amount that will be needed in 1932-33 we have assumed, subject to what has been stated above, a reduction of 3·00 on this account. In addition, under our proposals in Chapter XII, paragraph 14, the whole of the provision for Works in Gyantse (·46) and Yatung (·06) will disappear, saving ·52. Total saving 3·52 lakhs.

(8) *Miscellaneous.*—(a) Malwa Bhil Corps (K·1) and Mewar Bhil Corps (K·2) will be dealt with in a separate chapter.

(b) K·3 is a provision of ·55 for Secret Service money at the disposal of His Excellency the Viceroy. While we do not definitely propose any reduction in this amount, it might be suggested to His Excellency the Viceroy that he might perhaps find it feasible to effect a ten per cent. reduction, leaving the future provision at ·50

(c) Under K·4 provisions have been made for the following :—

<i>India.</i> —	Rs.
(i) Share of salary of the clerk in the Addis Ababa Consulate ..	800
(ii) Payment of customs duty on arms and ordnance stores supplied to Indian States (Gwalior Rs. 2,000, Mysore Rs. 1,500 and the independent State of Nepal Rs. 4,100)	7,600
(iii) Education of Bhutan boys	5,000
(iv) Education of students from Nepal	4,000
(v) Hire of despatch vessel for the Political Resident, Bushire ..	1,20,000
(vi) Purchase and repair of Insignia of India Orders	15,000
(vii) Miscellaneous	1,000
(viii) Protector or British Indian Pilgrims in Iraq	7,800
<i>Bengal.</i> —	
(ix) For protector of Pilgrims and his establishment at Calcutta ..	8,500
(x) Other expenses	7,100
<i>Madras.</i> —	
(xi) Miscellaneous Political charges on establishments, etc., in Madras	32,700
<i>Bombay.</i> —	
(xii) Protector of Pilgrims at Bombay and Karachi and their establishments	53,200
<i>United Provinces.</i> —	
(xiii) Demarcation of boundaries between British territory and Indian States and other expenses	1,100
<i>Punjab.</i> —	
(xiv) Khilats to Indian Chiefs on succession	2,000
(xv) Demarcation of boundaries between British territory and Indian States	1,000
(xvi) Rewards for Political Services	1,900
(xvii) Customs duty on arms and ordnance Stores supplied to Indian States under the Kashmir Residency (10,000), the Punjab States Agency (11,000) and the Punjab Government (1,000)	22,000
<i>Burma.</i> —	
(xviii) Grants to Karenni States for educational and medical purposes The department states that these were prompted by political considerations.	13,500
(xix) Compensation to Yunnan Government in trans-frontier cases ..	400
<i>Bihar and Orissa.</i> —	
(xx) Demarcation of the Nepal Border	7,000
<i>Assam.</i> —	
(xxi) Expenses including those of the demarcation of the Bhutan border	31,300
	3,42,900

We have no proposals to make regarding items (i), (ii), (iii), (iv), (viii), (ix), (x), (xii), (xiii), (xiv), (xv) (xvii), (xviii), (xix) and (xx) except that savings offered by the department, viz., .07 lakh under (xx) may be accepted.

The provisions for items (vi), (vii), (xi) and (xvi) should be reduced by ten per cent. saving .05 lakh.

As regards item (v) we have already proposed, *vide* paragraph 6 (a) of chapter (xviii), that this and other similar expenditure in Persia and the Gulf Littoral and elsewhere should be borne by the British exchequer and that pending negotiations with His Majesty's Government the expenditure should be reduced from 1.20 to about .60; saving .60. We have taken 1.20 into our calculation of savings under our main proposal; hence, we leave the saving of .60 from our subsidiary proposal out of account.

As regards item No. (xxi), our recommendation [*vide* paragraph 3 (vi) of Chapter XVII] will reduce the provision for 1932-33 by .20.

On our proposals the expenditure will be reduced by .32.

(9) *Account III*.—Account III covers 12.76 lakhs for (i) leave and deputation salary (6.40), (ii) Stores (.20) and (iii) other charges (6.16).

There might be some reduction of expenditure from the provisions for leave and deputation salaries payable in England. But we have not the necessary detailed information and are not in a position to estimate it.

As regards the provision of .20 for Stores, we consider that a reduction of expenditure by .01 in the light of actual expenditure in the past is feasible.

As regards the provision of 6.16 lakhs for "Other charges", we presume that the contribution from Indian revenues towards the maintenance of diplomatic and consular establishments in China is met out of this grant. We have been informed that the Retrenchment Committee appointed by the Secretary of State himself in 1931 under the chairmanship of Sir Henry Wheeler has already recommended that "efforts should be made to secure the discontinuance of the Indian contribution". In our opinion the same principle should be applied to other contributions (if any) from Indian revenues towards the maintenance of diplomatic and consular representation in other countries. (In this connection we may invite attention to what we have stated in the case of Persia and the Persian Gulf Littoral.) Since we do not know the total amount of such contributions, we are not in a position to estimate the resultant saving.

As regards the rest of the expenditure under "other charges" we recommend that it should be subjected to a cut of 25 per cent., this being the rate of cut which we have applied to grant No. 86-Expenditure in England—Secretary of State for India.

On our proposal the immediate reduction of expenditure should be £12,000 plus 1.14 lakhs=2.75 lakhs.

This saving was not included in the skeleton scheme supplied to the Finance Department. The reason was that we were not aware that India's contributions towards the maintenance of diplomatic and consular establishments were met out of the provision for other charges.

CHAPTER XXI.

INDIAN STATE FORCES. (6·44 LAKHS.)

(1) *Introductory.*—The history of this advisory and inspecting organisation goes back to the inception of the Imperial Service Troops Scheme, when the important Indian States were permitted to maintain specified units of the forces that they could maintain under their treaties, for service with the Indian army.

A staff of military officers and some establishment are maintained at a cost of 6·44 lakhs for the purpose of giving advice and help to Indian States in the training and administration of their forces and for their inspection. The objectives are said to be to ensure that (i) the States forces are kept “in such a state of efficiency, good discipline and contentment that they shall not become a menace to the States themselves or to Government”, and (ii) their training and organisation are on the same level as those of the regular army.

The sanctioned strength of such forces supervised by this organisation is :—

Artillery 1,432 (Technical), Cavalry 9,262, Infantry 28,882, Camel Corps 466, Motor Machine Gun Section 75 (Technical), Sappers and Miners 1,307 (Technical), Transport Corps, 1,660. Total 43,084.

(2) *Organisation.*—(i) The sanctioned strength is 27 officers, viz.,

(a) For the whole of India :—

Military Adviser-in-Chief and his staff officer at the headquarters of the Government of India.

2 Technical Advisers for Weapon Training.

1 Technical Adviser for Signalling.

1 Assistant Military Adviser, Sappers and Miners.

1 Military Adviser for Camel Corps.

2 Military Advisers for Artillery.

(b) for particular areas :—

3 Special Service officers in Gilgit, one for Artillery and 2 for Infantry.

4 Military Advisers in the Punjab Circle, out of which one post of Assistant Military Adviser is kept vacant, because the Patiala and Kashmir Darbars employ lent officers.

3 Military Advisers in the Rajputana Circle.

3 Military Advisers in the Central India Circle.

1 Assistant Military Adviser in the Gujerat Circle.

2 Military Advisers in the Kathiawar Circle.

2 Military Advisers in the Southern India Circle, out of which one post of Assistant Military Adviser has hitherto been kept vacant. It was proposed to fill it up with effect from the 15th August 1931 as the Hyderabad State Forces are in process of reorganisation.

(ii) The officers receive the same pay as regular officers employed with the regiments except that in lieu of the Indian Army Allowance they draw fixed 'additional pay' including the Indian Army Allowance. The additional pay is Rs. 500 per mensem for Military Advisers and Staff Officer to the Military Adviser-in-Chief and Rs. 300 per mensem for Assistant Military Advisers. The Military Adviser-in-Chief however gets a fixed pay according to his rank.

(iii) The ministerial and inferior establishments number 42 and 8 respectively.

(3) *Expenditure* :—

(a) Of the 6.44 lakhs provided for this organisation officers' pay absorbs 4.35, while the pay of establishments accounts for .59. Among the other important items of cost are :—

(i) Travelling allowance (including a new item of .03)	..	..	.83
(ii) House rent, etc., allowance (including a new item of Rs. 400)	..	..	.204
(iii) School for Senior Officers	..	..	.04
(iv) Passage contributions to the Army	..	..	.17

(b) The table below shows how the expenditure has been growing yearly almost without interruption :—

	1922- 23.	1924- 25.	1925- 26.	1926- 27.	1927- 28.	1928- 29.	1929- 30.	1930- 31.	1931- 32.
Pay of officers	.. 3.13	3.34	3.60	4.02	3.86	3.99	3.94	3.96	4.35
Pay of establishment	.. .32	.33	.36	.40	.45	.49	.51	.54	.59
Allowances	.. .59	.76	.93	.87	.91	.98	.98	1.02	1.03
Contingencies	.. .19	.18	.20	.20	.23	.27	.29	.29	.26
Senior Officers' School	.. ..	..	..	..	.02	.06	.03	.03	.04
Grants-in-aid	.. ..	..	..	..	.29	.18	.15	.16	.17
Total	.. 4.23	4.61	5.09	5.49	5.76	5.97	5.90	6.00	6.44

It will be noticed that the 1931-32 provision is over half a lakh in excess of the actuals of 1929-30, and that most of the growth is in the provision for the pay of officers.

(c) The growth of 1.83 lakhs compared with the actuals of 1924-25 was caused by :—

- (i) Revision of officers' pay and increase of three in their number (Rs. 1,00,281).
- (ii) Revision of pay and increase in establishments (Rs. 26,318).
- (iii) Larger provision under 'allowances' necessitated by the increase in the numbers of officers and establishments.
- (iv) Passage contributions payable to the Army Department.
- (v) Provision for training of senior officers of the Indian State Forces (Rs. 4,000).
- (vi) Increased provision under 'contingencies' due to increased strength of officers and establishments (Rs. 7,867).

(4) *Inchcape proposals*.—The Inchcape Committee was informed by the department that the Indian State Forces were “ of much value and had been taken into account in determining the strength of the regular forces ”; it made no recommendation. We may, however, point out that appreciable reductions were, all the same, made in the expenditure, the actuals of 1922-23 and 1924-25 being 4.23 and 4.61 lakhs respectively against 5.09 estimated for 1922-23.

(5) *Departmental proposals*.—The department has offered a reduction of 1.11 lakhs. The main item in its retrenchment scheme is the proposed abolition of six posts of officers, *viz.*, three Special Service Officers in Gilgit, the two Technical Advisers on Weapon training and one Assistant Military Adviser in Kathiawar.

(6) *Our proposals*.—We appreciate this offer, but are constrained to observe that the principle on which it is based leaves the entire policy underlying this organisation untouched. We have given our careful attention to three main questions, *viz.*, (i) whether this expenditure is a legitimate charge on the ‘ Political ’ estimates, (ii) whether the entire expenditure should fall on the central revenues and (iii) whether the advisory and inspecting duties of this organisation could and should be performed, efficiently and without any serious objection, by deputing officers from the regular army at intervals.

(i) As regards the first question, we observe that the charge was borne by political estimates even before the retrenchment campaign of 1922-23. Further, we must concede that the question, relating as it does to the Indian States, is to some extent of a political character. We are not, however, disposed to agree that the keeping of the peace inside the borders of the State concerned is the real primary objective ; we rather think that the maintenance of an efficient auxiliary force to co-operate with the regular Indian army in time of need is the principal object in view. This indeed is the real origin of the Imperial Service Troops Scheme. We also invite attention to the department’s view quoted in paragraph (4) above. The department admits that the maintenance of these forces has saved Government the expense of providing additional regular troops. On a balance of the political and the army aspects of this question our view is that this organisation is being maintained as a part of the Imperial Indian army, and we therefore think that the entire cost should be charged to the Army Estimates. Our proposal will not, *ipso facto*, involve a reduction of expenditure. But if the Army has to find the cost within its own budget, we feel that the tendency to allow the expenditure to grow will be kept under check. In support of our contention we may cite the fact that while the army budget has not grown during the septennium 1924-25 to 1931-32 the estimated expenditure on this organisation has increased by over 50 per cent. on the actuals (*viz.*, 4.23) of 1922-23. Incidentally we may point out that both political and army estimates are non-voted and therefore the usual objection to a proposal to show genuine military expenditure under the army estimates, *viz.*, that the proposal would convert votable into non-votable expenditure and would thus be a retrograde step from the point of view of India’s constitutional evolution, is not applicable to our proposal in this case.

(ii) On the second question we note that the department holds that since the Indian Government maintain this organisation for their own purposes and have always met its cost from their own revenues, it will not be practicable

politics to invite the States concerned to bear or share the cost. The argument which relies merely on past practice does not sound convincing to us. We also question the proposition that this organisation is maintained entirely for Government's own purposes. It is true that the objectives aimed at are partly the Government of India's own purposes. But, the Imperial Service Troops Scheme was welcomed by the States, inasmuch as it enabled them to train specified units of their forces to a high level of efficiency and to maintain such level. It cannot reasonably be denied that such training and frequent advice must enable the States to keep their own internal peace and security better than if their forces were left without the training. Besides, the scheme satisfied the *amour propre* and enhanced the dignity of the States concerned. These are all cogent reasons for claiming at least a share of the cost from the States. But since the entire constitutional issue of the Indian Government's relations with the States including their mutual financial obligations is at present in the "melting pot" and no very large amount is involved, we propose that this question should be brought to the notice of the various authorities (including special committees of enquiry) interested in it, and that otherwise the existing position might be left unaltered for the present.

(iii) On the last main issue we may first explain the department's view. It holds that "the chief function of this organisation is to advise and assist the States in the training and administration of their forces and that inspection is an incidental and secondary role. The standard of education and efficiency of the officers of the States forces being low, they require considerable assistance which must be given continuously. The officers of the Advisory staff cannot, however, command nor insist that their advice must be followed. The fact, that in most cases their advice is followed and improvement effected, is solely due to their obtaining the trust and confidence of the *darbar* officials and troops as a result of close and personal relations with them. Such relations could not be established by officers of the regular army periodically detailed to inspect and necessarily chosen fortuitously. Apart from training there is a considerable amount of administrative work continuous throughout the year for the performance of which local offices of Military Advisers must exist. A yet more insurmountable obstacle to the proposal is the insistence of the States on their right to the absolute control of their own forces and their consequent resistance to any suggestion that the supervision of these forces should in any degree be vested in Army Headquarters. Their attitude on this subject can be seen in almost any of the proceedings and discussions which have taken place when the organisation of the Imperial Service Troops or Indian States Forces has been under consideration."

We have given our very careful consideration to these pleas, but they fail to satisfy us. The deputation of officers from the regular army, at intervals, for advisory and inspecting duties does not, by any means, place the States forces under the Army Department, nor does it place the States in direct relations with the Army Department in this respect. Even at present the officers do in fact belong to the army and do not sever their connection with it. In a sense, they are "seconded" from the army for advisory and inspecting duties. The line of demarcation between this and periodical deputation is very thin indeed and for practical purposes can be ignored. An obvious way

to eliminate any reasonable ground for suspicion on the part of the States is to declare the policy in this respect in clear terms and to depute the same officers for a number of visits. The only difference which the adoption of this suggestion of ours would make is that the need for a permanent special staff would be obviated. The States too will stand to gain by getting the services of men with fresh army experience. The present scale of central expenditure has to be met out of taxation and other measures, some of which effect the Indian States almost to the same extent as British India. We therefore presume that if the position is clearly explained to them, they will not reject a suggestion whereby substantial economy is effected without prejudicing their position *vis-a-vis* their own forces. We of course assume that the functions of the advisory and inspecting officers and their relations with the States forces would remain what they are and would not give them any authority to 'command or insist that their advice must be followed.'

Further, we think that the officers of the Indian State Forces should be given frequent opportunities of visiting Indian Army units and of receiving advice if they so choose. This plan has the obvious advantage that while the State officers get such advice as they need, there will be no ground for the States to suspect any insidious encroachment on their own rights and privileges.

The fact that a certain number of officers will be trained in the proposed Military College for service with the States forces also strengthens our view that the present strength of this organisation need not be maintained. The adoption of our suggestion will enable the present permanent advisory and inspecting organisation to be abolished or at any rate appreciably curtailed. While the aim we have in view is the extinction of this expenditure, we shall, for our present purpose, assume a reduction of only 2/3. Even then, the provision will be 2·15 lakhs *i.e.*, a little over half the actual expenditure of 1922-23. In the light of the important changes of policy in regard to the army that have taken place since then, we consider that this reduced provision will not be found inadequate for the efficient discharge of advisory and inspecting functions in relation to States forces in accordance with our scheme.

(7) *Summary.*—On our proposals the civil estimates will be reduced by 6·44 lakhs and the relief to central revenues will be 4·29 lakhs. Our calculation of savings will include 4·29 and not 6·44.

CHAPTER XXII.

MALWA BHIL CORPS AND MEWAR BHIL CORPS.

A.—*Malwa Bhil Corps.*

(1) *Introductory.*—This Corps is a semi-military force raised originally with the two-fold object of (i) finding some employment for the Bhils of Malwa and thus ensuring their own and their kinsmen's good behaviour and (ii) bringing about peace and internal security in Central India, which at that time had a degree of notoriety for general lawlessness.

As in the case of the Mina Corps and the Mewar Bhil Corps, the Malwa Bhil Corps was originally expected to be self-supporting with contributions levied from the States concerned. The following States contribute towards the gross cost (1·23 lakhs) of the Corps :—

	Rs.
(i) Indore	7,862*
(ii) Dhar State	12,000*
(iii) Dewas State, Senior and Junior branches	28,475
(iv) Dhar State	6,602
(v) Barwani State	3,890
(vi) Alirajpur	1,271
(vii) Jhabua	1,271
Total ..	61,371

* These amounts represent the annual interest of capitalised contributions at 4 and 5 per cent. respectively. In all the remaining cases the payments are made annually.

The net cost to the central revenues is thus just about a half.

(2) *Organisation.*—The Corps has a strength of 320 ranks and is under a Commandant on a pay of Rs. 1,005 plus additional pay Rs. 400. There is a provision of Rs. 600 for the payment of Rs. 50 per mensem to the Chief Medical Officer (*i.e.*, the Residency Surgeon) for the supervision of medical and sanitary arrangements. Two clerks, two school masters and a sub-assistant surgeon (who, besides his pay, gets a medical charge allowance of Rs. 25 per mensem) are maintained.

(3) *Expenditure.*—As should be expected, nearly one half of the total cost is on account of the pay of the ranks. Among the other important provisions are Rs. 18,000 for grain compensation allowance, Rs. 7,200 for house-rent and other allowances, Rs. 3,200 for kit money to recruits, Rs. 6,000 for ordnance stores, Rs. 2,200 for the free supply of firewood (a new item) and Rs. 300 (a new item) for payment to the Army Department in respect of the inspection of arms in the possession of this Corps.

The table below shows that expenditure has remained fairly constant since the last retrenchment campaign.

	1913-14.	1922-23.	1924-25.	1926-27.	1927-28.	1928-29.	1929-30.	1931-32.
Pay of officers	.21	.17	..	.23	.22	.14	.14	.19
Pay of establish- ment.	.79	.93	..	.51	.51	.51	.58	.59
Grain Compens- ation allow- ances.	.41	.67	1.19	.19	.19	.17	.19	.18
Other charges..				.32	.27	.31	.22	.26
Payment in res- pect of inspec- tion of arms.	..	..	..	..	..	..	..	.003
Total	1.41	1.77	1.19	1.25	1.19	1.13	1.13	1.22

The following factors contributed to an increase of .16 in the expenditure compared with the actuals of 1924-25.

	Rs.
Revision of pay of staff	8,000
Increased provision under Kit money to recruits	2,600
Free supply of firewood	2,200
Increments to staff and leave salary	2,900
Inspection of arms by the Army Department.	300
Total	16,000

On the other hand, there was a decrease of .125 due to decreased provision for ordnance stores (.10), for grain compensation allowance (Rs. 1,000), and under probable savings (Rs. 1,500).

(4) *Inchape and departmental proposals.*—The Inchcape Committee was given to understand that the budget of the Malwa Bhil Corps would be reduced to 1.11 and its net cost to central revenues would be .57.

The department has offered to reduce the expenditure by .11 lakh i.e., to 1.12. But we do not know the details.

For our proposals see paragraph (9) below.

B.—Mewar Bhil Corps.

(5) *Introductory.*—Like the Malwa Bhil Corps the Mewar Bhil Corps was also raised with the double object of (a) providing employment for the Bhils and thus ensuring the good behaviour of the employees and their kinsmen and (b) policing the difficult hill country in and about Mewar. The Corps also performs guard duties at the Udaipur Residency, Mount Abu and Neemuch in addition to local duties at Kherwara and Kotra. An additional objective (no longer operative to the same extent) was to afford to British political officers protection in the areas concerned in cases of difference with the States, which in those days frequently led to conflicts.

The Corps was raised in 1840 and in 1841 the Mewar Durbar agreed to pay Rs. 50,000 annually towards its upkeep. But in 1883 an arrangement was made whereby the revenues of the Mewar villages in Merwara were accepted in full discharge of the contribution due from the Durbar towards the Mewar Bhil Corps, the late Merwara battalion and the cost of administration of the district of Merwara itself. At the same time an undertaking was given to the State that if the revenues from the district at any time exceeded Rs. 66,000 per annum, the surplus would be handed over to the Durbar. The department's view is that so long as the existing arrangement continues, the arrangements of 1883 are binding on the British Indian Government and that the Mewar Durbar cannot be asked to make any additional contribution towards the maintenance of the Corps.

(6) *Organisation.*—The strength of the Corps is 633 ranks. The commanding staff consists of a Commandant (pay Rs. 1,225 plus allowances aggregating Rs. 625), an Assistant Commandant (pay Rs. 665 plus allowances Rs. 420) and an Adjutant (pay Rs. 915 plus allowances Rs. 390). A medical charge allowance of Rs. 100 per mensem is also paid—presumably to the Residency Surgeon at Udaipur. The other establishments consist of a Head clerk, an Accounts clerk, two school masters, thirteen bhishtis, lashkars and cooks and seven mate bearers and bearers.

Until recently regular military officers used to be appointed to the Corps for a period of five years. Now-a-days, owing to the paucity of such officers, officers of the Army in India Reserve are appointed to some posts. The rates of pay are the same as for military officers in regimental employ except that in lieu of the Indian Army Allowance they draw fixed rates of staff pay, *viz.*, Commandant Rs. 400 per mensem, Assistant Rs. 250 per mensem and Adjutant Rs. 200 per mensem.

(7) *Expenditure.*—The total provision is 2·32 lakhs including Rs. 3,400 for "Works". Of the 2·29 lakhs officers' pay absorbs ·52 and establishments' pay accounts for 1·20 lakhs. The other important provisions are ·19 for grain compensation allowance, ·18 for house-rent and other allowances, ·03 for kit money to recruits and ·06 for ordnance stores. The new items in the 1931-32 estimates are an additional Rs. 100 for grain compensation allowance, Rs. 800 for the employment of sweepers and Rs. 300 for payment to the Army for the inspection of arms in the possession of the Corps.

The following table shews the progress of expenditure :—

	1913-14.	1922-23.	1924-25.	1926-27.	1927-28.	1928-29.	1929-30.	1931-32.
Pay of officers..	·27	·33		·48	·44	·46	·54	·52
Pay of establishment.	·96	·92		1·01	1·01	1·03	1·19	1·20
Grain compensation allowance.			2·06	·17	·19	·19	·22	·19
Other charges..	·51	·62		·67	·63	·59	·41	·37
Grante-in-aid				..	..	·05	..	·01
Total ..	1·74	1·87	2·06	2·33	2·27	2·32	2·36	2·29*

* Excludes Rs. 3,400 on account of works.

Although the Inchcape Committee contemplated a budget of 1·80 lakhs for this Corps [*vide* (8) *infra*], the actual expenditure in 1924-25 was 2·06 lakhs. The increase of Rs. 26,560 compared with the actuals of 1924-25 was the net result of a gross increase of ·38 counterbalanced by a gross decrease of ·11. The following factors contributed to the gross increase :—

	Rs.
Revision of officers' pay and contribution for passages ..	17,235
Revision of establishments' pay	19,150
Payment to the Army Department for the inspection of arms	300
Entertainment of sweepers	800

The factors contributing to the gross decrease were a decrease of Rs. 3,471 under grain compensation allowance and a reduction of Rs. 7,504 in the provision for Contingencies.

(8) *Inchcape and departmental proposals*.—The 1922-23 estimate for this Corps was 1·98 lakhs. The Inchcape Committee was informed that it was proposed to effect a reduction in the strength of the Corps, saving ·18. The budget contemplated by the Inchcape Committee was thus 1·80 set off by revenues of ·60.

The department has offered a reduction of ·28 principally by the reduction of a portion of the establishments.

(9) *Our proposals*.—In dealing with the expenditure on the Malwa and the Mewar Bhil Corps we have given our careful attention to two questions, *viz.*, (a) whether the time is now ripe for the disbandment or reduction of these corps or of either of them, and (b) whether central civil estimates should bear the entire net cost of both or either.

(a) From the brief descriptions given in paragraphs 1 and 5 it will be seen, that the original purposes for which these and similar forces (*e.g.*, the Mina Corps, the Merwara Battalion, the Hyderabad Frontier Chowkidari Force, etc.) were raised were to insure some measure of peace and security and to provide employment for Bhil and similar races in Malwa, Central India and portions of Rajputana including Mewar as a guarantee for their good behaviour in this hilly country. In this connection we may refer to the state of anarchy into which Central India had fallen on the decline of the Mogul power. The marauding raids of *Pindaris* and other similar bands and the general insecurity of life and property to which the *Thugs* made their peculiar contribution were a menace, against which special measures had to be taken in the first half of the last century. During the last hundred years, however, the complexion of the problem has changed materially owing to the development of railways, roads, posts and telegraph and other communications and of agriculture, irrigation and industries, the better organisation of the States in Central India and Rajputana and their greater expenditure on the maintenance of the various agencies for the preservation of law and order. Even the problem of finding suitable employment for Bhils and other races in this area is no longer what it used to be. Our view therefore, is that the time is now ripe for a thorough revision of the old policy. In fact, we observe that even the department recognizes the need for some such revision. In the reply to our questionnaire it observes with reference to the Mewar Bhil Corps :—

“ Although in theory there may be no justification for any part of the cost of the Corps, over and above that which is set off by the revenues of the Mewar-

Merwara villages, falling on the British Indian tax-payer, in practice the expenditure has been incurred as a form of insurance against the much heavier expenditure which would have been necessary to fulfil our treaty obligations with the Mewar Darbar, had the Bhumat been allowed to relapse once more into a state of lawlessness and anarchy. *"It is the avowed policy of Government now gradually to transfer political control to the Durbar and in the execution of this policy much progress has already been made. The logical result of this policy will be the abolition of the Corps or its transfer to the Durbar. But the conditions of the Bhumat are such that it would be unwise and indeed dangerous suddenly to disband the Corps or to transfer it to the Durbar. It is, therefore, proposed to effect periodical reductions in its strength with a view to its transfer to the Durbar within a few years. The consummation of this policy will, however, inevitably lead to the reopening of the discussion regarding the future of the Mewar-Merwara villages."*

We ought perhaps to add that the maintenance of this Corps affects primarily a circumscribed area, viz., the Mewar State and parts of the country in its neighbourhood.

Similarly, as regards the Malwa Bhil Corps the grounds on which the department thinks that the Corps should be maintained do not mention the original purposes very prominently, as the following extracts from its reply show :—

"The Corps has very often been employed actively in the capture of robbers and in the prevention of operations by gang of dacoits. The result in either case has often proved beneficent not only to Central India but in some cases to British Indian Districts on the border also.

The Corps is kept at a high standard of military efficiency as certified by the General Officers Commanding the Mhow and Central Provinces Districts. If the Corps is disbanded and recruiting stopped, a serious increase of crime will follow, a result the cost of which would far exceed the insurance premium represented by the Bhil Corps budget as it stands at present.

If the Corps is abolished, it will be necessary to raise another body of Military Police to perform the garrison and other duties now entrusted to the Bhils. The cost of this will far exceed the present sum paid by the Government of India. The Corps is an economical Military Police Force, as the rates of pay of the Bhils are considerably less than those of the regular troops or of the Police."

* * * * *

"The Corps performed valuable duties in connection with internal security during the Great War and thus enabled practically all the garrisons in Central India to be spared for duty overseas. These services were gratefully and publicly acknowledged by the General Officer Commanding, Central Provinces District, and have been further recognised by the re-arming of the Corps with up-to-date rifles."

We may add that the Corps is no longer maintained at Sirdarpur in the real Bhil country but at Indore, the headquarters of the Central India Agency.

Further, we observe that in the somewhat analogous case of the Frontier Chowkidari establishment borne on the "Hyderabad" grant the department proposes to take action with a view to the elimination of the cost of that force from central estimates.

Our conclusions are that the time is now ripe for (i) the transfer of the Mewar Corps to the Mewar Darbar, its ultimate disbandment in due course being kept in view, and (ii) a substantial curtailment of the strength of the Malwa Corps.

As regards the former, the department's view is that but for the existence of this Corps the administration of the Bhil country would have been a costly affair necessitating the occupation of the territory by regular troops and that even now the maintenance of the Corps saves Government the expense of maintaining additional police or regular troops, either of which would be more costly. We concede that there was and still is some force in this view. We are, however, confident that if suitable stipulations are made, the Mewar Darbar should be able to ensure the satisfactory policing of the Mewar portion of the area where the Corps operates. We observe that the accepted policy is to gradually transfer control. Pending negotiations to this effect our proposal is that the strength of the Corps should be reduced so that it should cost no more than the present actual revenues of the territories handed over by Mewar State for this purpose. In this connection we may perhaps add that it will not be necessary to employ more than one officer (as is the case with the Malwa Bhil Corps) or to give him allowances on the present liberal scale. We agree that the question of the Mewar-Merwara villages will have to be settled; we naturally leave it to the department.

The area over which the Malwa Bhil Corps is supposed to operate comprises numerous States, some of which are small and have undeveloped communications. While a few States make contributions, many others do not even though the corps is sometimes used for their benefit. We shall therefore not go so far as to propose its disbandment; its transfer to any particular State is out of the question. But, we see no justification for the retention of the force at its present strength. The contribution from the various States amounted to 61 lakh and we consider this amount ample for providing the area in question with the protection of a military police. We hold that there is no justification for any part of the expenditure on this Corps falling on central revenues except to the extent that the performance of incidental and largely police functions (e.g., ceremonial guard duties, guarding of the Jail, the treasury and the Agency Office at Indore, escorting political officers and guarding their residences and camps, firing of salutes, etc.), necessitates the retention of its strength at a higher level. In respect of such incidental or auxiliary services we would provide a small additional sum, say about Rs. 15,000; in our opinion any expenditure from central revenues appreciably in excess of this figure is unjustifiable. We would thus fix the budget of the Malwa Bhil Corps at about 75 gross and 14 net and recommend that it should be incorporated in the Police budget for the Central India Agency.

(b) The second main question raises two issues, viz., (i) whether the States concerned should be called upon to shoulder any fresh or additional burden and (ii) whether any part of the cost should be met from the army estimates in respect of work done (if any) for the army.

As regards (i), the department's view is that the transfer of the Corps from Sirdarpur to Indore has been more to the advantage of the Government of India than to that of the contributing States. We concede that this view is not without some cogency, but we may incidentally observe that it proves that the corps no longer serves one of the original purposes for which it was raised. All the same, it cannot be denied that even now the Corps serves the purposes of the States in Central India and Malwa (contributory as well as other) and there is no inherent objection to such states being invited to contribute or contribute more than they do. But, since the entire position of the states in the new constitution, particularly the vexed question of the mutual financial obligations of the Government of India and the Indian States, is at present under examination by various authorities, we are content to propose that the question of enhanced or new contributions should, for the present, be left untouched. We would however like it to be brought to the notice of various authorities (including special committees of enquiry), interested in it. Meanwhile we propose that when a non-contributing State has occasion to utilise the services of the corps, it should not get them *gratis*.

As regards issue (ii), we observe that the Corps is being used for certain army purposes, and in fact is treated as if it were an irregular part of the army. It is under the command of officers drawn from the army or from the Army in India Reserve. It is "armed with up-to-date rifles", and "is kept at a high standard of military efficiency as certified by the General Officers Commanding, Mhow and Central Provinces Districts". It performs various "garrison and other duties" and is intended and expected to "perform valuable duties in connection with internal security" and thus enable garrisons in Central India to be spared for duty overseas. In fact the position is summed up in the department's observation that "the Corps could safely be employed in future in times of emergency in place of regular troops which could be released for service elsewhere". These facts (the quotations being from the department's own reply to our questionnaire) show that the Army could legitimately be called upon to bear, at any rate, a portion of the cost of maintaining this Corps. Since the army now charges civil departments for various services, e.g., firing salutes, inspection of arms, etc., we see no reason why the Foreign and Political Department should not ask for a share of the cost from the Army estimates. Since both political and army estimates are at present non-votable, the usual objection, *viz.*, that the step proposed by us would be retrograde from the constitutional point of view, is not applicable to this case.

We are unable to give a precise figure for the army's share of the cost but provisionally we would fix it at the same figure as the net cost of our proposals to central estimates, *i.e.*, at about Rs. 15,000.

(10) *Summary*.—On our proposals the net saving in the central civil estimates will be approximately 1.63 *plus* .65 and to central revenues 1.63 *plus* .50 (.65 — .15) = 2.13. The gross saving will be 3.37 lakhs. We shall take the latter figure into our calculation of savings.

CHAPTER XXIII.

POLITICAL PROBATIONERS UNDER TRAINING.

(1) *Introductory.*—A certain number of officers of the Political Department are deputed for training to the minor administrations and the provinces. We may add that for some years the training was held in abeyance owing to the shortage of officers caused by the War but it was revived from the cold weather of 1923. The expenditure is necessarily of a fluctuating nature as it depends on the number of probationers and the periods for which they are deputed.

(2) *Expenditure.*—We cannot ascertain the total provision for the training of such probationers in the various "area" grants, e.g., Delhi where, we are told, some provision for such training has been made. The table given below shows the expenditure on such training included in the political "non-area" grant; provision for such expenditure has been made only in two provinces, viz., the Punjab and the United Provinces. The chief items in the provisions are the pay and allowances of the officers and their passage contributions, pay of such establishments (generally temporary) as it may be necessary to maintain in this connection and small contingent expenditure.

	1926-27.	1927-28.	1928-29.	1929-30.	1931-32.
<i>United Provinces.</i>					
Pay of officers	·23	·14	·35	·11	·31
Pay of establishment .. ..	..	..	..	·01	·03
Allowances	·04	·02	·05	..	..
Contingencies	·01	..	·01	·01	·02
Grants-in-aid .. ..	..	..	·01	·01	·02
Total ..	·28	·16	·42	·14	·38
<i>Punjab.</i>					
Pay of officers	·25	·18	·49	·34	·58
Pay of establishment	·01	·01	·02	·01	·06
Allowances	·03	·03	·08	·09	·06
Grants-in-aid .. ..	..	·02	..	·06	·03
Total ..	·29	·24	·59	·50	·73
GRAND TOTAL ..	·57	·40	1·01	·64	1·11

We do not know the aggregate provision for this purpose. The department has totally suspended recruitment in 1931 and has proposed to curtail the recruitment of probationers by fifty per cent. and thus to reduce the expenditure by 1·12 lakhs. If expenditure can be assumed to be proportionate to the number of probationers under training, we deduce that the total provision must be about 2·24 lakhs. We have, however, been able to trace only the two items mentioned in the above table. The balance is presumably mixed up with the pay of officers and other items of expenditure in the various "area" grants.

(3) *Our proposals.*—We are not quite sure that the training cannot be kept in abeyance for a year or two, as was done during the War and for some years thereafter. Since, however, such action would, in essence, amount to the postponement of inevitable expenditure, there would be no genuine permanent savings. We have therefore not scrutinised the department's offer in detail. From the point of view of reduction of expenditure in 1932-33 we welcome the department's offer, such as it is.

If we had more time, we might have gone into the question whether in the light of recent developments, particularly reductions of staff in the interests of economy, any alteration in the rate of recruitment could be made so as to secure permanent savings. As it is, we are content to leave it to the department to work out its scheme.

CHAPTER XXIV.

Frontier Watch and Ward—Non-Area (Rs. 1,28·85).

(1) *Explanation.*—Under this head are recorded (i) charges for the defence of the Burma and Assam frontiers including the expenditure on buildings and communications relating to this part of the frontier and including the cost of the expeditions to the Triangle to put down slavery, (ii) expenditure on buildings and communications connected with frontier defence in the North-West Frontier Province and Baluchistan and (iii) certain miscellaneous charges in Burma and Assam; these will be explained in some detail in connection with our proposals.

Expenditure on the civil defence forces maintained for the protection of the north-west frontier (i.e., the frontier in the North-West Frontier Province and Baluchistan) is provided for in the "area" grants and has been dealt with in the chapters relating to those minor administrations. We may add that till 1926-27 expenditure on buildings and communications relating to frontier watch and ward used to be shown under the head "Civil Works" and that it was only with effect from 1927-28 that with the opening of the new head "Frontier Watch and Ward" it began to be shown under "Frontier Watch and Ward—Non-area".

(2) *Expenditure.*—The total expenditure on Frontier Watch and Ward (non-area) including buildings and communications is 1,28·85 lakhs. The following table analyses it and shows its growth:—

	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
Frontier Constabulary and Militia ..	72·21	68·69	70·41	71·26	70·70
Buildings and communications	47·94	57·77	69·59	70·71	52·38
Miscellaneous	6·34	4·45	4·34	4·78	4·66
Expenditure in Enlgand and loss or gain by Exchange.	·98	1·17	·95	·80	1·11
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	1,27·47	1,32·08	1,45·29	1,47·55	1,28·85

(Figures for earlier years are not separately available, since they are mixed up with Political and Civil Works expenditure for those years.)

Till 1926-27 such expenditure used to be shown under the head "Political"; hence it is difficult to give separate reliable figures for Frontier Watch and Ward expenditure in the preceding years.

We may now deal with the expenditure in each province.

(3) *North-West Frontier Province.*—In addition to an expenditure of 95·85 lakhs on the civil defence forces, 33·01 is spent in this province from the non-area grant—mainly on the construction and repair of roads and bridges in the transborder territory. Broadly speaking, the executive agency employed for this purpose is the military engineering services. We have already in Chapter III proposed that the entire expenditure on Frontier Watch and Ward including that on buildings and communications intended for Frontier Watch and Ward

should be borne by the army budget. Since both are at present "non-voted", there can be no objection to our proposal on the ground of constitutional retrogression.

Pending a decision on the general question, however, we recommend, that in the present difficult financial position of Government construction should be slowed down as far as possible and a reduction of at least 17·00 lakhs should be made in the provision of 38·01 lakhs.

(4) *Baluchistan*.—The total Frontier Watch and Ward expenditure in Baluchistan is 28·75 lakhs plus 8·27 lakhs on buildings and communications, *i.e.*, 37·02 lakhs. We have already dealt with the former class of expenditure along with our general proposals relating to Baluchistan. As regards the expenditure (1931-32 budget) of 8·27 lakhs, we recommend that it should be reduced by at least 2·25 lakhs. The reasons on which we base our recommendation are the same as in the North-West Frontier Province, Burma and Assam.

(5) *Burma (i) Explanatory*.—The provision of 61·71 lakhs may be analysed as below :—

(a) Contribution to the Government of Burma towards the cost of the Frontier Military Police.	45·74
(b) Anti-slavery expeditions to the Triangle	6·68
(c) Civil defence force at Myitkyina	4·08
(d) Buildings and Communications	3·56
(e) Miscellaneous civil expenditure	·64
(f) Medical, Sanitary, Village Police and Education	1·01
	61·71

The Department has offered to reduce the expenditure by 5·50 lakhs mainly as a result of its proposal to curtail the cost of expeditions to the Triangle and the expenditure on works. It is also stated that the question of effecting a reduction in the contribution to the Burma Government towards the cost of the Military Police as a result of the general reduction of salaries, fall of prices, etc., was being taken up with the Local Government and that any savings which might result thereby would be in addition to the above figures.

(ii) *Recommendations*.—(a) The contribution to the Burma Government should be reduced, not only in the light of the fall in prices and the reduction in pay, allowances, etc., but also on the ground that India cannot afford to bear the present heavy cost of frontier watch and ward, especially along the North-Eastern Frontier, where the problem of frontier defence can by no means be called acute. Since we do not base our recommendation on the figures of expenditure and numbers in the past, but on the ground of an alteration of the policy so far pursued, we refrain from a detailed examination of the growth of this expenditure. We propose that the present provision of 45·74 should be reduced by 15·00 lakhs.

(b) We hold that in her present financial condition India cannot and should not incur any expenditure outside the territory comprised within the political limits of Burma for the extermination of salvery. If we may say so, such altruism appears to us to be somewhat misplaced. The department proposes

merely to slow down. We would have proposed the deletion of the entire provision. But it has been pointed out to us that a complete and sudden reversal of the past policy would lead to undesirable political complications, and we concede that this view is not without some validity. Hence we are content to propose that the provision should be reduced from 6·68 to 2·00, saving 4·68 lakhs.

(c) The provision of 4·08 lakhs for a civil force at Myitkyina should, in the light of fallen prices, reduced pay and allowances, and the shrinkage in revenues, be reduced by one-third. We are content to leave it to the executive authorities to work out the details.

(d) For reasons stated in the Chapters on the North-West Frontier Province and Baluchistan, we consider that the programme of "defence" works, costing 3·56 lakhs, should be slowed down, and a reduction of at least 2·00 lakhs should be effected.

(e) The miscellaneous civil expenditure should, we recommend, be reduced by Rs. 4,400 to Rs. 60,000. The actuals for 1929-30 were ·57 lakh and even when effect is given to our proposal, the provision that will be left will be ·03 in excess of the actuals of that year.

(f) We have no reductions to suggest in the expenditure on Medical, Sanitary, Village Police and Education in connection with Frontier Watch and Ward.

(g) The total reduction we have recommended for Frontier Watch and Ward in Burma amounts to 23·08 lakhs.

(6) *Assam*.—(i) Explanatory.—The 1931-32 provision of 19·76 lakhs may be analysed as below :—

(a) Contribution to the Assam Government towards the cost of Assam Rifles.	16·00
(v) Buildings and Communications	2·54
(c) Miscellaneous	1·22
	19·76

The department has proposed to effect a reduction in the strength of the coolie co. ps and thus offered a reduction of ·32 lakh. It has also stated that the question of a reduction in the contribution to the Assam Government is under examination in consultation with the Local Government.

(ii) Our own recommendations based on reasons which we have already explained in the preceding paragraphs are :—

- (a) The contribution to the Assam Government on account of the Assam Rifles should be reduced from 16·00 to 11·00 lakhs.
- (b) A reduction of 1·00 lakh should be effected under Buildings and Communications by slowing down the programme of works.
- (c) The provision of 1·22 for Miscellaneous expenditure should be reduced to about 1·00 lakh. Actual expenditure in 1929-30 was 1·09. In the light of the fall in prices, which has occurred since, we think it should not be difficult to effect the reduction which we have proposed.

(7) *Summary of savings.*—The total reduction proposed by us under this grant amounts to Rs. 48·55 lakhs, distributed as shown below. For the sake of completeness we have also shown the reductions proposed by us in the “area” grants, *i.e.*, on expenditure on the Civil defence forces in the North-West Frontier Province and in Baluchistan.

North-West Frontier Province ..	..	{ 17·00 under this grant. 15·85 in the “area” grant.
Baluchistan .. .. .	..	{ 2·25 under this grant. 4·00 in the “area” grant.
Burma .. .. .	..	23·08
Assam .. .. .	..	6·22

Total 48·55 in the “non-area” grant and 68·40 in the two “area” grants and in the “non-area” grant put together.

Even after effect is given to our proposals the total expenditure on Frontier Watch and Ward (including that incurred in the “area” grants) will be 1,83·95 lakhs.

ABDUR RAHIM.

RAM SARAN DAS.

RANGASWAMY AYANGAR.

S. C. MITRA.

M. SHAH NAWAZ.

HARBILAS SARDA*.

J. RAMSAY-SCOTT.

H. M. WILAYATULLAH.

SIMLA;

22nd June 1932.

S. P. SHAH,

Secretary (up to 1st May 1932).

S. P. VERMA,

Secretary (from 2nd May 1932).

* Subject to Note.

Summary of reduction of expenditure resulting from the recommendations made in this part (III) of the Report.

Serial No.	Chapter, number and name of grant.	1929-30. Actuals.	1931-32. Budget.	Skeleton scheme.	Reduction proposed.	Remarks.
1	II. Foreign and Political Department.	10·56	11·74	2·75	2·75	
2	III. North-West Frontier Province.	2,33·66	246·78	30·05	20·24	
3	IV. Baluchistan	76·24	79·34	10·24	10·25	
4	V. Ajmer-Merwara	15·63	18·48	2·76	3·02*	*Includes automatic saving of 1·31 on account of famine relief.
5	VI. Rajputana	13·19	13·39	2·33	3·42	
6	VII. Central India	12·49	12·92	3·23	3·25	
7	VIII. Hyderabad	6·23	9·90	1·09	1·61	
8	IX. Bangalore	14·24	14·16	†	†	†Excluded from scrutiny.
9	X. Western India States Agency.	17·44	16·83	3·25	3·25‡	‡Includes 1·05 under Ex-cise.
10	XII. Gwalior Residency ..	·71	·76	·07	·05	
11	Mysore Residency	1·95	2·00	·38	·38	
12	British Envoy at Nepal ..	1·70	1·56	·31	·36	
13	Baroda Residency	1·05	1·02	·07	·11	
14	Sikkim and Bhutan Agency	1·11	·90	·05	·10	
15	Gyantse Trade Agency ..	2·05	2·29	2·29	2·29§	} §Works and entertainment charges have been dealt with in Chapter XXII.
16	Yatung Trade Agency ..	·23	·22	·22	·22	
17	XIII. Madras States Agency.	1·80	1·33	·60	·84	From proposals re amalgamation with Mysore.
18	Other Political establishments in Madras Circle.	·45	·41	..	·06	
19	XIV. Aden	4·21	4·88	·66	·63	
20	XV. Mahikantha Agency ..	2·89	2·78	·20	·37	
21	Southern Mahratta country Agency.	·70	·83	·10	·03	
22	Minor Agencies in Bombay Circle.	1·83	2·16	·51	·53||	|| Viz., ·51 under payment to Bombay Government (based on removal of Mahikantha and Rewakantha from their control) and ·02 under Rewakantha proper.
23	XVI. Kashmir Residency ..	2·03	2·09	·65	·67	
24	Gilgit Agency	1·58	1·78	·17	·17	
25	Punjab States Agency ..	1·67	1·79	·18	·30	
26	Consulate-General, Kashgar	1·01	1·14	·30	·30	
27	Ayub Khan Agency	·04	·04	·03	·03	
28	Gartok Trade Agency	·25	·17	..	·17	
29	Simla Agency	·37	·37	..	NW	
30	Dera Ghazi Khan Agency ..	·21	·21	..	NW	
	XVII. Other Agencies and Residencies.					
31	Bengal	·10	·11	·01	·03	
32	United Provinces	·41	·65	..	NW	
33	Burma	1·68	1·94	·35	·37	
34	Bihar and Orissa	1·20	1·23	·27	·20	
35	Central Provinces	·39	·51	·02	·02	
36	Assam	·87	·80	·34	·14	

Serial No.	Chapter, number and name of grant.	1929-30. Actuals.	1931-32. Budget.	Skeleton Reduction scheme.	Reduction proposed.	Remarks.	
XVIII. Persia, Arabia and the Persian Gulf Littoral.							
37	Main recommendation	8·55	11·50*	} Not less than .20 on these three items.	
38	Bahrein Agency ..	·90	·84		·10†		
39	Muskat Agency ..	·64	·70		·05†		
40	Gwadur Directorship ..	·11	·10		·10†		
41	Duzdap Trade Assistancy ..	·14	·16			} Included in item 52.	
42	Ahwaz Vice-Consulate ..	·27	·29		·29		
43	Mohammerah Vice-Consulate ..	·42	·40		·07	} Not included in total.	
44	Bunder Abbas Consulate ..	·56	·56		·17		
45	Bushire (a) Political Agency	3·58	3·43		·64	} In included in No. 60	
46	Bushire (b) Despatch Vessel			4·45	·60		
47	Kerman Consulate ..	·83	·71		·01		
48	Koweit Agency ..	·67	·56		·08		
49	Persian Legation, Tehran ..	·21	·19		·04		
50	Consulate General, Khorasan	1·18	·96		·20		
51	Seistan Consulate ..	1·16	1·07		·04		
52	Duzdap Vice-Consulate ..	·38	·41		·41†		
53	XIX. Kabul Legation and Jalalabad and Kandahar Consulates.	3·00	4·04	1·72	2·10		† From the proposal to abolish this Vice-Consulate. Otherwise ·04.
XX. Other Political Expenditure.							
54	Political Subsidies ..	3·09	3·07	..	N \bar{u}	} § Civil Estimates will get relief to the full extent, i.e., 6·44 lakhs. || This is gross saving. Net saving is 2·13.	
55	Entertainment charges ..	·41	·40	·15	·15		
56	Refugees and State Prisoners	3·57	3·15	N \bar{u}	N \bar{u}		
57	Special Political Expenditure	10·05	10·00	N \bar{u}	N \bar{u}		
58	Works ..	2·99	4·18	3·08	3·62		
59	H. E. the Viceroy's secret service.	·55	·55	·05	·05		
60	Miscellaneous charges ..	5·32	3·43	N \bar{u}	·32		
61	Protector of Pilgrims, Iraq	·06	·08	N \bar{u}	N \bar{u}		
62	Expenditure in England ..	14·99	12·76	N \bar{u}	2·75		
63	XXI. Indian States Forces	5·91	6·44	4·29	4·29‡		
64	XXII. Malwa and Mewar Bhil Corps.	3·49	3·52	2·28	3·37||		
65	XXIII. Political Probationers under training.	Totals not known		1·12	1·12		
66	XIV. Frontier Watch and Ward (non-area).	1,45·30	1,28·85	48·55	48·55		
Total		6,41·95	6,48·36	1,33·81	1,33·93		

Besides, there will be saving from our proposal regarding special pays and allowances.

*This amount represents the total estimated expenditure which falls on Indian revenues and which under our proposal will be transferred to the British Exchequer. Pending negotiations with H. M. G. regarding the main proposal the Sub-Committee has recommended economies in the expenditure of individual agencies, etc. These reductions are not included in the total, since credit has been taken for the ultimate saving of 11·50 lakhs.

D. B. HAR BILAS SARDA'S NOTE ON AJMER-MERWARA.

I recognise that the General Purposes Sub-Committee has made its own position with regard to retrenchment in beneficent activities quite clear not only in the first and second parts of its reports, but also in almost every chapter of the III part. While agreeing with the Sub-Committee I find myself unable to accept the reductions proposed by it in the 1931-32 provisions for grants-in-aid for Education and Medical in the case of Ajmer-Merwara. As regards Medical, the Sub-Committee has recommended that such portion of the departmental offer of a reduction of Rs. 21,000 should be accepted as relates to a grant-in-aid for a non-recurring purpose. While I endorse the Sub-Committee's general remarks regarding the grants-in-aid given on page 84 of the Report, I am unable, in view of the seriously defective provision existing for medical aid to the people of Ajmer-Merwara, to agree to any reduction in the grant-in-aid. Ajmer-Merwara has so far been treated in a somewhat niggardly fashion.

Finally I wish to record my emphatic protest against the reductions effected by Government on their own responsibility in the grants for Education and Medical in Ajmer-Merwara.

The Royal Agricultural Commission's recommendations with regard to Ajmer-Merwara, though so urgent, have not yet been given effect to, on the ground that money is not available. Government promised a grant of Rs. 1,50,000 to improve the deplorable sanitary conditions of Ajmer and Beawar, but this also has been held up. The Government of India should, in justice and fairness to the province, provide without delay money which it has already promised to do and which is absolutely necessary to pull the province out of its present most insanitary conditions resulting in abnormally high death rate.

REPORT
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Army Sub-Committee
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CHAPTER I.—INTRODUCTORY.

Our interim report was issued in September last and in it we stated that we proposed to resume our enquiry towards the end of December and to examine certain subjects with which we had up till then not been able to deal. Various circumstances have combined to hamper the resumption of our activities and to render extremely difficult the production of our final report. We have through unavoidable causes been deprived of the co-operation of our Chairman Diwan Bahadur T. Rangachariar, C.I.E., M.L.A. After meeting the Committee at Bombay on December 15th and beginning work there, he was forced, owing to ill-health, to resign the chairmanship and his membership of the committee. The loss has been irreparable. We have missed in our deliberations that immediate grasp of principle and that mastery of detail which enabled him to give us such firm and clear-sighted guidance through the complexities of the subject. We would take this opportunity of expressing our sense of obligation for his leadership and our earnest hope that he may have a complete and speedy recovery of health. In addition, our Secretary, Mr. A. F. L. Brayne, C.I.E., I.C.S., was withdrawn by the Government of India, to act as officiating Secretary in the Finance Department. Throughout the work connected with the interim report he laboured untiringly on our behalf and we are deeply sensible how much we owe to his ripe and wide experience of Indian and Army administration.

Further, many of the remaining members of the Committee have been prevented, by other calls on their time (membership of Round Table Conference Committees, duties in the Legislative Assembly and the like), from devoting that undivided attention to the work of the Committee that they could have wished. We have, therefore, found it impossible to deal as thoroughly and exhaustively with the outstanding questions as we had intended, and in several instances we have been obliged to indicate the lines on which a subject might perhaps be further pursued by the military or other authorities concerned, instead of reaching final and definite conclusions. This method is, however, in fact appropriate to some of the questions left over by our interim report. That report covered most of the ground in which it was possible to reap immediate savings and this report is only supplementary to it. Many of the outstanding subjects with which our present report deals are such that possible economies can only be achieved after lengthy and detailed investigations by experts, or involve constitutional questions in which the decision, though it may have definite financial bearings, cannot be governed solely by financial considerations.

To assist in the consideration of the subjects covered by this report visits were paid by various of our members to Bombay, Poona, Lahore, Rawalpindi and New Cantonments Delhi, where the local authorities gave us much information and assistance. We have also had the opportunity of discussing many of the subjects with the military authorities at Army Headquarters. As in our interim report, we have to acknowledge the consistent help which we have received from all the officers with whom we have come into contact. We are not aware to what extent the recommendations in our interim report have been accepted in detail, but, as will be seen from the present report, on many of the outstanding questions the military authorities have pursued lines of enquiry opened in our preliminary discussions and have anticipated our recommendations for economy.

We desire to record our appreciation of the services of Mr. A. Slater of the Military Accounts Department, who has been the Secretary of our Committee since Mr. Brayne was appointed to act as Financial Secretary to the Government of India. For his intimate knowledge of the Army and especially of military accounts, and for his readiness to furnish us promptly and efficiently with all the assistance we required, we are under a real obligation to him. We would also express our thanks to the staff who on the occasions both of the interim report and of this report have given us ungrudging aid.

CHAPTER II—FINANCIAL CONTROL.

1. The third item of our terms of reference reads as follows :—

“ They shall further examine the arrangements in force for financial control of military expenditure through the Military Finance Branch and the Military Accounts Department, and report in particular on the following points :—

- (a) the efficiency of the control by the Finance Department under the present system ;
- (b) the working of the system of a stabilised military budget ;
- (c) the extent, if any, to which the institution of the stabilised budget has impaired the control of the Finance Department ; and
- (d) the efficiency of the methods employed in bringing military expenditure to account.”

2. As in other branches of the administration, the control of military expenditure is exercised jointly by the administrative and financial authorities. The control on the administrative side is exercised by the Army Member on the advice of his Principal Staff Officers and on the financial side through three agencies, the Military Finance Branch, the Military Accounts Department, and the Director of Army Audit.

3. The Military Accounts Department is an organisation established by the Finance Department for bringing military expenditure to account and auditing it. Its functions and constitution have been dealt with in Chapter X of our interim report.

4. The Director of Army Audit is an officer of the Auditor General. His main function is to conduct a test audit of military expenditure (the primary audit being conducted by the Military Accounts Department) to enable the Auditor General to assure himself that the audit of military expenditure is being carried out in accordance with the principles for the application of which to all expenditure of the Government of India he is statutorily responsible.

5. The Military Finance Branch is a part of the Finance Department of the Government of India. The head of the Branch is the Financial Adviser, Military Finance, who is a Joint Secretary to the Government of India in the Finance Department and as such directly responsible to the Financial Secretary and the Finance Member. A description of the organisation and duties of the Military Finance Branch is given below, for the details of which we are indebted to the Financial Adviser.

The establishment of the branch as it stood in 1931-32 Estimates and as it will stand under proposals for retrenchment made by the Financial Adviser is as follows :—

Designation.	1931-32.		Proposed.	
	Numbers.	Cost.	Numbers.	Cost.
		Rs.		Rs.
Financial Adviser	1	39,000	1	39,000
Deputy Financial Advisers (excluding D. F. A., R. A. F.)	4	1,03,100	4*	1,05,700
Assistant Financial Advisers	6	81,100	5	66,600
Superintendents	6	52,100	5	40,700
Assistants	39	1,70,230	34	1,52,800
Stenographers	2	9,720	2	10,400
Clerks, 2nd Division	39	95,090	37	91,000
Clerks, 3rd Division	22	27,460	20	26,600
Menials	50	11,000	42	9,200
Miscellaneous . . . . .	..	1,07,200	..	96,700
Total		6,96,000		6,38,900†

NOTES.—*As an experiment the Financial Adviser proposes to hold one of these appointments in abeyance, substituting for it the appointment of an officer of the status of Under Secretary.

†Reduced to Rs. 5,83,200 by the cut in pay.

The Branch is divided into a central section and four outlying sections corresponding to the main spending branches of the military administration. Each of the outlying sections is in charge of a Deputy Financial Adviser and is located in the same part of the Army Headquarters buildings as the administrative branch to which it is attached. This sub-division is made on the principle that financial advice and criticism should be as close as possible to the administration. Of the four outlying sections three are attached to the Branches of the Adjutant General, the Quartermaster General and the Master General of Ordnance at Army Headquarters and the fourth to Royal Air Force Headquarters. The central portion of the Military Finance Branch consists of two parts. The "main office" in charge of an Assistant Financial Adviser, directly under the Financial Adviser, deals with work from the General Staff Branch and the Military Secretary and also with all questions regarding the administration of the Military Finance Branch itself. The budget section under a Deputy Financial Adviser has as its main function the direction, co-ordination and consolidation of budget and other estimates. In the discharge of this function it works in close co-operation with the Staff Duties Directorate of the General Staff Branch.

6. Financial authority in the military administration is very much centralised at Army Headquarters. The bulk of the work of financial advice and criticism therefore falls to be done by the Military Finance Branch. We were informed however that in so far as money allotments are made and financial authority delegated to lower formations the functions of financial advice

and criticism are discharged by the sub-divisions of the Military Accounts Department attached to those formations. For example a Command Controller of Military Accounts is mainly concerned with the accounts and audit of the accounts of the area in his charge, but he is also the Financial Adviser of the General Officer Commanding the area and in that capacity has authority to accord the financial concurrence required by the rules before expenditure can be incurred.

7. As regards the general principles governing the financial administration of the military services the Government of India each year places at the disposal of H. E. the Army Member an allotment within which he has to arrange for the financing of the services for which he is responsible. This allotment is based on an estimate of requirements but is limited by the total resources at the disposal of Government and the other demands made on those resources. When the total allotment has been fixed by Government it is divided into sub-allotments placed at the disposal of various authorities such as the Adjutant General, the Quartermaster General and the Master General of Ordnance. These are the authorities whom the Government of India holds directly and primarily responsible for the correct and economical expenditure of the grants. In respect of these allotments the duty of the Military Finance Branch has two aspects :—

- (a) on behalf of the military administration, to assist the spending authorities in the discharge of their primary responsibility ; and
- (b) on behalf of the Finance Department, to maintain a watch on the activities of the spending authorities and to take such measures as may be necessary to ensure that they discharge their financial responsibilities correctly.

As stated above, the financial control is thus a joint responsibility of the administrative and financial authorities : their functions are complementary and in fact inseparable.

8. The main processes through which this joint control of expenditure is effected are :—

- (a) the preparation of the Budget estimates ;
- (b) the watch over expenditure against Budget grants ;
- (c) the re-appropriation of savings ;
- (d) the disposal of the day-to-day business of administration.

The Budget estimates] consist of two parts, the estimate of " Standing Charges " and the estimate for " New Demands ". The standing charges represent the amounts required to meet the ordinary maintenance charges of the forces, e.g., pay of personnel, purchase of supplies and equipment, cost of movement of personnel and stores, pension charges, etc. The new demands represent the sums required to remedy defects which have come to light and to carry out those improvements in organisation, equipment and training which are necessary if the forces in India are not to fall below modern standards. The standing charges are, of course, the first charge on the allotment for the year. The amount available for new demands is the balance left out of the year's allotment after full provision has been made for the standing charges. The Budget allotment for the military services is fixed by the Government of India and the Financial Secretary and the Finance Member

have an effective voice in determining the allotment. The allotment, once determined, limits to that figure the expenditure which may be incurred during the ensuing year.

The amount required for the standing charges is built up from a mass of detailed estimates under different heads which are compiled by the Branches of Army Headquarters in co-operation with their Deputy Financial Advisers and consolidated and revised by the Financial Adviser in consultation with the Principal Staff Officers. Similarly the items of new demands are submitted by Branches to the Army Member, who on the advice of his Principal Staff Officers and his Financial Adviser gives them order of priority and accepts so many of them as can be financed from the funds available.

9. The main material for watching expenditure against the Budget grants is provided by the Military Accounts Department. The actual expenditure is recorded by the Controllers all over India and as each month's accounts are completed the figures are reported to the Military Accountant General at Army Headquarters in whose office they are consolidated. These figures are reported both to the administrative Branches to enable them to watch the progress of expenditure against the grants and to the Budget section of the Military Finance Branch where a complete record is maintained of the expenditure under each head month by month. At intervals throughout the year stock is taken of the general progress of expenditure and reviews of expenditure are placed before the Principal Staff Officers.

10. Even before the introduction of the system of a stabilised budget for the military services a freer hand in the matter of re-appropriations had for some years been allowed to those responsible for the administration of military finance than is permissible under the ordinary financial rules and this latitude has been formally recognised in the system of the stabilized budget. If it appears that there is likely to be a saving at the end of the year on the estimates as a whole, the position is considered and proposals are put forward to Government for utilising the estimated balance in making good specific deficiencies. When sanction is obtained to apply savings to measures not included in the original estimates, formal re-appropriations are carried out immediately. Formal re-appropriations are not made at this stage to regularise variations in expenditure on the standing charges. Towards the end of the year, a formal statement, known as the "Modified Appropriation," is prepared. This contains the latest estimates of the amounts which will be expended under each sub-head and it is in this form that the variations from the original appropriation are formally sanctioned by Government.

We have been informed that the relaxation of the ordinary rules regarding re-appropriation of savings, while it gives greater elasticity to the military administration, imposes additional responsibilities on the controlling authorities, both administrative and financial. We have had no evidence to show that the latitude in the matter of re-appropriation has led to any relaxation of control.

11. In the disposal of the day-to-day business of administration the functions of the Military Finance Branch are those of the Finance Department in general. All proposals involving expenditure from the military estimates have to be referred to the Military Finance Branch before orders are issued and in the case of "New" expenditure the Finance Branch is required to estimate the cost of the new service or to check any estimate that may already have been made by the administrative Branch. We made enquiries regarding the status of the officers dealing with the various types of cases

and are satisfied that no questions of major importance are sanctioned without the approval of the Financial Adviser or in special cases the Finance Member and that the system of review of sanctions is sufficient.

12. A certain portion of the funds at the disposal of the army is budgetted for expenditure in the United Kingdom. We understand that this expenditure is controlled in detail partly by the High Commissioner for India, who is an agent of the Government of India, and partly by the India Office. These departments furnish at stated intervals returns of actual and anticipated expenditure and these are taken into account in the periodical reviews of the general financial position to which reference has already been made. We are not in a position to comment on the manner in which this control is exercised in the United Kingdom, but we have been informed that the Army Member is given regular and adequate information in order to enable him to review the position from time to time and make such adjustments in his commitments as are necessary.

13. After the close of the year the Financial Adviser prepares a document, known as the Appropriation Account, in which he reviews the salient features of the financial administration and sets out under each sub-head or minor head the original Budget appropriation, the modified appropriation and the actual compiled expenditure as shown in the accounts, with explanations of variations between the actual and the estimated expenditure. On this the Director of Army Audit prepares his Audit Report, in which he criticises variations between appropriation and expenditure and draws attention to other features of importance including any instances of laxity in financial administration which may have come to notice in the course of his test audit or in the primary audit conducted by the Military Accounts Department. On the basis of the Appropriation Account and the report of the Director of Army Audit the Auditor General writes a formal letter to the Government of India in the Finance Department in which he draws attention to what are, in his opinion, the most important features brought to light and to points which require consideration or investigation. These three documents—the Appropriation Account, the Army Audit Report and the Auditor General's letter—are then placed before the Military Accounts Committee, a body presided over by the Finance Member (or by the Finance Secretary on his behalf) and including the Finance Secretary and a senior officer on the staff of the Auditor General. This committee, whose meetings are attended by the Auditor General himself and the Director of Army Audit, goes through the documents and subjects the Financial Adviser and the Military Accountant General to a critical examination on any defects which have been brought to notice. The Secretary, Army Department, is also present to answer on any points in which the administrative aspect is more important than the financial. Finally, the report of this committee with the documents which it has considered is placed before, and considered by, the Public Accounts Committee of the Legislative Assembly.

14. At this point we may perhaps conveniently deal with the question left over in our interim report whether the Military Accounts Department should be placed under the Auditor General and thus enable the staff, which is employed under the Auditor General, to be dispensed with. As shown in the preceding paragraphs the Financial Adviser is responsible for the accounting services of the Army, for satisfying himself by audit check that the expenditure has been properly incurred, for giving financial advice to the military authorities and for financial control. These functions to some extent are complementary to each other. The fact that his officers maintain the accounts and

are responsible to him, should in theory enable him to satisfy himself as to their correctness with a less complete audit than would otherwise be necessary; and the knowledge which he obtains through his Military Accounts Department, both from the record of the course of expenditure and from audit check of it, are very valuable aids to him in his duties of financial advice and control. To divorce financial advice and control from audit and accounts and to place the latter under the Auditor General would in our view seriously weaken the position of the Financial Adviser. On the other hand, we were informed that it would be constitutionally impossible to make the Auditor General responsible for financial advice given to the army : even were this not so, to add this to his other duties would lay on him an impossible task and in our view would be in principle wrong : that the same officer should share the responsibility with the military authorities for army expenditure and for bringing it to account and should be the final statutory authority as to the propriety of the expenditure is open to constitutional objection. The present arrangements are, we understand, regarded by the Auditor General as satisfactory.

We have suggested later in this section that possibly the amount of audit check carried out by the Military Accounts Department might in certain types of cases be reduced, having regard to the fact that the primary accounts are prepared by staff belonging to the department directly responsible to the Military Accountant General and through him to the Financial Adviser.

15. The system of financial control, as outlined above, seems to us generally satisfactory. It depends on the close co-operation between the military authorities and the Financial Adviser and we have been assured that that co-operation is real. In one respect we consider that the system requires strengthening. The normal period of the tenure of office of the Financial Adviser and of his deputies is three years. But Army Finance is a complex subject ; the Financial Adviser may, and generally is, appointed without experience of the Army or its finance and it must take considerable time before he is in a position to exercise his functions effectively. It is therefore unfortunate that his tenure of office should normally close at a time when his services are most effective. The present holder, whose consistent and valuable help throughout our enquiry we gratefully acknowledge, had the advantage of officiating in his post before he was appointed to it, and during a period of special duty before appointment was able to make a close study of the army organization and visit many of its establishments. But this we believe was exceptional. We accordingly recommend that the normal tenure of the Financial Adviser's appointment should be extended from 3 to 5 years. Under present arrangements the Deputy Financial Advisers are appointed from the Military Accounts Department and we make no recommendation in regard to them.

16. We were informed that the system of a stabilised military budget was devised by the Government of India in 1927-28 as a means of escape from a dilemma in which they found themselves. On the one hand, the forces in India were falling progressively behind in the matter of equipment and it was at that time estimated that an expenditure of about 10 crores would be required in the next few years if the forces were to be equipped up to modern standards. On the other hand, the finances of India were such that Government could not contemplate any increase in the level of military expenditure, which then stood round about 55 crores. The decision reached was, roughly, to stabilise the military budget at 55 crores for 4 years beginning from the financial year 1928-29 and to permit savings in any year to be carried to a suspense account which could be drawn upon in the later years of the period.

A programme of re-organization and re-equipment was drawn up and received the general approval of the Government of India and the Secretary of State for India, and it was hoped that this programme would be completed within the 4 years of the period of stabilisation. At the same time the Commander-in-Chief initiated a campaign of economy within the Army with the object of securing savings which could be applied towards the carrying out of the programme.

The arrangement lasted in the original form for two years only. Then a deterioration in the general finances of India led to the reduction of the annual figures from 55 to 54½ crores. This was accompanied by an extension of the period of stabilisation by another year, the object being to provide the same resources towards completing the programme but spread over this longer period.

In the following year (1930-31) a further deterioration in the general financial position led to a further reduction in the Budget figures. In the first place, following the arrangements made in the previous year, the period of stabilization was extended by yet another year. The budget allotments under the previous year's arrangement would have been 54·20, 54·20 and 52·50 crores, totalling 160·90 crores. This was again spread equally so as to give 53·63 crores in each of the years 1931-32, 1932-33 and 1933-34. Further, in view of the abnormal financial situation, H. E. the Army Member agreed to give up outright, for 1931-32 only, a sum of 113 lakhs, representing mainly savings due both to the fall in prices and to economies effected by the Army. The budget figure was accordingly fixed for 1931-32 at 52·50 crores. Finally, in view of the paramount necessity of balancing the Government of India budget for that year, this figure was towards the end of March further reduced by a sum of 60 lakhs. Thus the final figure for 1931-32 stands at 51·90 crores in place of the original 55 crores. In spite of these departures from the original arrangement it was found possible to provide up to the 31st March 1931 an amount of about 6 crores towards the 10 crores programme. It is also worthy of note that the normal cost of maintaining the Forces (without any allowance for New Demands) was estimated, before retrenchment proposals were put into effect, at between 51 and 51½ crores a year as compared with a corresponding figure in 1928-29 of 54 crores. We were assured that a considerable measure of success has followed from the arrangement of the stabilised budget in the two important directions of providing funds for re-equipment without increasing the military budget and of securing an ultimate reduction in standing charges by giving the military authorities a direct interest in the promotion of economies.

When the arrangement was made it was expressly stipulated that there should be no alteration in principle in the methods of financial control. This stipulation was set out in the following words :—

“ It follows that there can be no alteration in the existing financial regulations or the machinery for enforcing them ; and nothing in the terms of the scheme affects, or can affect, the powers and responsibilities vested in the Secretary, Army Department, under the Rules of Business of the Governor General in Council. Financial control should not be of a character to obstruct the carrying out of the programme, but the functions and powers of the Finance Department, exercised through the Financial Adviser and his assistants, must remain unimpaired. All recurring expenditure in particular will be subject to scrutiny

with special regard to the necessity for avoiding future commitments which would involve an increase in standing charges, except so far as any such increase is inherent in the proposals carried out in pursuance of the accepted programme. The Financial Adviser will, in the exercise of his discretion, bring to the notice of the Finance Member all measures which require his orders either on a question of principle or in view of the magnitude of the expenditure involved. He will in particular submit matters which involve a breach of the conditions and stipulations attached to the scheme or which appear to involve a material departure from the accepted programme."

We were also informed that special stress was laid on the necessity for guarding against the acceptance of new commitments and the Financial Adviser was required to bring particularly to notice the initiation of any new policy which would mean increasing charges after the period of stabilisation.

It was stipulated in addition that the arrangement should be liable to modification if the Government of India had, during the course of the period, to confront any extraordinary contingency affecting Indian revenues.

We were assured that the introduction of the stabilisation arrangement has made no alteration in regard to the procedure for watching expenditure against the budget grants or in regard to the periodical returns furnished to the Finance Member and the Finance Secretary to keep them in touch with the progress of expenditure during the course of the year. The same applies to the procedure for reviewing the financial administration after the accounts of the year are closed.

The stabilised budget system involved no alteration in the existing financial regulations or in the machinery for enforcing them. All proposals involving expenditure are subjected to precisely the same financial tests as before. The new system has resulted in a decrease of work in the Military Finance Branch and has thus facilitated reductions in establishment, but it is claimed that there has not been a relaxation of control.

We have no reason to believe that the system described above has involved any relaxation of financial control.

17. Regarding the efficiency of the methods employed in bringing army expenditure to account we have assumed this term of reference to cover the machinery both of recording expenditure and of ensuring that the expenditure is properly incurred, *i. e.*, both the accounting and the audit machinery. We have no reason to criticise the system in principle. The following detailed points have suggested themselves to us. On the accounting side we are disposed to consider that the results would be equally useful if they were presented in less detail; *e.g.*, Head I of the budget shows the 16 items on which money is spent for the fighting services and also shows in the same detail how this money is distributed between the various arms of the services. Again under the transportation head there are 20 items under the sub-heading "rail charges" and in addition we understand that figures are completed for the Quartermaster General's information showing expenditure on transportation under another set of heads. If these full details are required either for financial control or for information of the Legislative Assembly, we would not recommend any curtailment of them. But we are not clear that they are, and, as simplification and unification should lead to economy of labour and staff, we recommend that the heads of account be reviewed with a

view to the elimination of anything not essential. In this connection (though it is a question of the estimates rather than the accounts) we think that so far as general information is concerned it might be considered whether the Legislative Assembly and general public might not welcome, in place of some of the details to which we refer, general information on the lines given in some of the appendices and tables of the British Army Estimates. We suggest an examination of the question from this point of view. We have referred elsewhere to the desirability of including the estimate for Military Engineer Services in Head 48—Army. An index to the Army Budget would also add to its value.

On the accounting side it has also been represented that the whole of the work in obtaining the final figures is done with little or no resort to the use of accounting or adding machines and that, were such machines used, the labour in the compilation sections of the Military Accounts Department, in which some 90 clerks are employed might be substantially lightened. We recommend that experiments be carried out with a view to introducing such machines where their employment would lead to economy.

On the audit side it has been suggested to us that the audit of army expenditure is frequently too rigid and severe, and some of us in the course of our enquiry have been shown cases where objections have been made against overpayments so petty in themselves that the ensuing correspondence must have entailed a greater cost to government than the original errors. We would do nothing to impair the efficacy of audit, to which we attach the highest importance. But we suggest that two questions might be examined by the Military Accountant General, in the possibility that work may be saved and economy secured without impairing that efficacy. In the first place, we understand that all audit officers have powers to waive objection in cases of minor mistakes and it is for consideration whether those officers do in fact use their powers to the full in cases where no principles are involved and there is no risk of recurring loss. In the second place, as much of the original preparation of accounts in the army is done by the staff of the Military Accounts Department who are responsible to the Military Accountant General it is for consideration whether there is necessity for a full audit on all accounts so prepared. We had already made recommendations for experiments on these lines in our interim report and the subsequent experience of some of us confirms that there is scope for reduction.

CHAPTER III.—ORDNANCE SERVICES.

1. The provision, supply, storage, manufacture and inspection of all ordnance stores and clothing used by the Army in peace and war are the responsibility of the Master General of Ordnance. Under him the duties of provision, supply and storage are carried out by the Director of Ordnance Services, those of manufacture by the Director of Ordnance Factories and Manufacture and those of inspection by the Director of Artillery. Purchases made in India are arranged by the Director of Contracts.

2. The stocks of ordnance stores and clothing are stored in six arsenals, six ordnance depots and two clothing depots situated at the following places:—

Arsenals.	Depots.	Clothing Depots.
Rawalpindi.	Lahore.	Quetta.
Ferozepore.	Drigh Road.	Shahjahanpur.
Quetta.	Agra.	
Kirkee.	Fort William.	
Allahabad.	Bombay.	
Rangoon.	Cawnpore.	

The location of the arsenals and depots is not in all cases ideal but we can make no recommendations regarding any changes in situation as, although savings might be effected by having arsenals differently situated, the cost of building would be prohibitive. We have discussed with the Master General of Ordnance the possibility of closing down any of these establishments and we understand that he is considering closing Agra depot. We recommend that this should be done. The saving may be approximately Rs. 1 lakh.

3. *Officers and Establishment.*—Each arsenal and depot is administered by a Chief Ordnance Officer who works directly under the Director of Ordnance Services at Army Headquarters.

In order to maintain liaison with the troops ordnance officers are attached to Command and District Headquarters. The establishment provides for a Deputy Director of Ordnance Services in the Southern Command who also acts as adviser on ordnance matters to the General Officer Commanding-in-Chief, Eastern Command, and one in the Northern Command and an Assistant Director of Ordnance Services in the Western Command. There are also Deputy Assistant Directors of Ordnance Services at most District Headquarters.

Regarding these officers at Command and District Headquarters we have made certain recommendations in another part of our report.

The establishment engaged in the arsenals and depots is approximately 40 officers, 8 Ordnance Mechanical Engineers, 34 departmental officers, 450 British other ranks, 470 clerks, 1,200 Indian military establishment, 21 assistant civilian storekeepers, 186 storemen, 7,240 artificers and labourers

The actual storekeeping duties are performed by departmental officers warrant officers and non-commissioned officers belonging to the India Unattached List and also by Indian assistant storekeepers. We are informed that a policy of Indianization has been accepted whereby 25 per cent. of the India Unattached List ranks will be replaced ultimately by Indian storekeepers. So far this has led to the employment of 21 Indians out of a total of some 400 men

employed on these duties, one Indian being recruited for every three Europeans. We understand that the average number of fresh appointments of this character is approximately 20 a year. On this basis it would be twenty years before 100 Indians had been appointed out of the 400 referred to above. We deal elsewhere with the question of substituting suitably qualified Indians for British other ranks of the India Unattached List at considerably less cost. We have recommended that in the interests of economy at least 50 per cent. of the store-keeping establishment should be Indians. In view of these considerations we think that the introduction of Indians to reach the proportion laid down should be very materially accelerated.

4. *Stocks*.—We understand that the total value of ordnance stores, including clothing, held in arsenals and depots is approximately Rs. 12 crores of which possibly half represents reserves. It is not possible to obtain accurate figures on this point. At the time of the Inchcape Report the value of the stocks of clothing was given as Rs. 1,73,17,000 and that of ordnance stores as Rs. 14 crores. In the 14 crores were included surplus stores to the value of Rs. 4 crores, so that, excluding such surpluses, the total stocks were Rs. 11.73 crores, which the Inchcape Report recommended should be reduced to 9.43 crores. If the figures now given to us and those used in the Inchcape Report be comparable, it would appear that, so far from reductions having been made in stocks, there actually is an increase, and if the fall in prices since 1922 is taken into account the increase in quantity would be very great. But we are informed that the figures are not in fact comparable: that at the time of the Inchcape Report the arsenals were still somewhat disorganized; and that therefore the stocks held were not accurately known and that all categories of stores were not fully priced. Moreover, as we have indicated elsewhere, the Priced Vocabulary of Stores prices (on which the value of stocks would be based) do not appear to us to be in harmony with current market rates. Nor are values necessarily a fair criterion of what stocks should be held for military purposes. For example, a comparatively small number of particularly expensive guns or tanks might throw a figure of the total value of stocks out of its true perspective. But it is necessary to point out how large a sum is in fact locked up in stocks of stores; interest on the capital involved is lost to the state, and there is a danger, when the stocks have been acquired at high prices, of serious loss in capital value. For these reasons it is desirable to reduce the value of stocks held as far as possible.

As regards the quantities of stores held which these values represent, we understand that they fall into two main headings, peace working stocks, and stocks required for war. As regards peace, the depots hold, in addition to the amounts actually required for maintenance of stores with troops, a minimum stock or safety margin to cover unforeseen delay in supply or unforeseen demands from the troops. In the case of clothing this store margin is 3 months' estimated average peace consumption and in the case of ordnance stores it is 6 months' for all stores purchased outside India and all lethal stores of Indian supply; for all other stores of Indian supply it is 3 months'. Recognizing the difficulties of geography and transport, we hesitate to recommend reductions of stores required for the troops, but we feel that, as we have recommended in the case of other stores, some reduction of stocks is necessary. We recommend that the more important items on which expenditure is heavy should be scrutinized and, in the case of Indian supplies where there is reason to believe that supply could be obtained in less than 3 months or where failure

of stock would mean no more than inconvenience, the working margin should be reduced to 2 months'; in the case of imported supplies, where the articles are of such a kind that they, or adequate substitutes, could be purchased from the trade abroad without special manufacture we recommend a reduction from 6 to 4 months'.

In the course of our inspection of some of the arsenals we noticed that in the case of some items of stock no issues had been made for considerable periods. We realise that it would not be fair to generalize from individual items casually noticed and we have been informed that in fact each item of stock is being surveyed to see if it is still "live". We think that the survey should be pressed forward with a view to the reduction and elimination of stocks where the quantity held on charge exceeds current demands.

It also appeared to us that frequently there is considerable delay in disposing of scrap and surplus stores. The reason given in many cases was that good prices could not be obtained immediately. We doubt, however, whether, in the long run, it is an economy to retain useless stores on charge, particularly when they are liable to deterioration or in cases where the space they occupy can be put to better use. In this connection we might add that in one depot (not an ordnance depot) we noticed some unserviceable motor lorries which had been standing in the open a year awaiting a purchaser.

As regards stocks required for war, these fall into three main categories,

- (a) the mobilization equipment of units which are raised on the outbreak of war.
- (b) maintenance reserves 'A' required to be taken into the field by ordnance field depots.
- (c) maintenance reserves 'B' required to make good the difference between the war requirements of troops other than those in the field during the first months of war and the supplies likely to be available in time from ordinary sources.

We understand that the stocks at present held fall short of what is considered ultimately necessary under these headings, but we were not able to obtain an accurate figure of the amount of this shortage which, we are informed, is in process of investigation.

We understand that up to 1927 the method of calculating the maintenance reserves to be taken into the field by ordnance field depots was to base it on so many months' peace consumption. In 1927 this method was changed, the calculation being based on a lesser number of months' estimated war consumption by the probable number of troops. We have been assured that, in calculating the war consumption, only the probable conditions which the Indian army will have to meet in the defence of India have been taken into account and that, while figures based on the experience of the Great War in eastern theatres have been taken as the starting point in the calculations, those figures have been radically adjusted to meet Indian circumstances. Moreover provision is not at present made for certain formations of the field army not expected to be utilized immediately on the outbreak of war. We appreciate the logic of calculating the reserves with regard to probable war requirements. That calculation is necessarily a technical matter and it would be outside our province to attempt to enter into it. But it is the essential basis on which reserve stocks are held and over-calculation might seriously affect the whole stock position and have considerable financial consequence. We would therefore record

that by taking as the basis the great war experience, even in the eastern theatres with modifications to suit Indian conditions, the requirements may be seen in a somewhat false perspective. We have been informed that there are no other original data more akin to probable Indian conditions on which the requirements could be reviewed, but, that being so, it seems to us most important that the allowance made for those conditions should be full. As regards the formations for which the maintenance reserves 'A' are not at present held, we do not think that they should be provided. We understand that for those for which they are held, the flat rate of 3 months' supply is reduced proportionately in the case of those units not expected to take the field in the first months; this should in our view be the case. As regards maintenance reserves 'B' we understand that it has recently been decided to take into account peace working stocks in calculating what will be available or readily obtainable on mobilization for use of troops not in the field. We agree that this should be done.

As regards mobilization equipment, we understand that this is held separately for all units to be raised on mobilization, however late they mobilize. We recommend that for units mobilizing, say, after one month such equipment should be merged in general stocks which should not, save in the case of technical stores, be increased in peace for the purpose.

It is impossible to give the financial effect of continuing to review stocks on the principles outlined above. We understand from the Master General of Ordnance that, broadly, he is working on those principles, and we think their uniform application should result in substantial stocks being available for peace requirements with a resultant cash saving in the annual provision until they have been consumed.

CHAPTER IV.—ARMY ORDNANCE FACTORIES.

1. In our interim report we stated that we had paid visits to certain of the factories : that we had prepared a note recording general impressions, and that as an immediate measure we recommended that a 25 per cent. cut should be made in the numbers of superior and supervising staff. Some of us have since visited the Ammunition Factory at Kirkee, and we have had an opportunity of discussing the general position with the Master General of Ordnance. The Master General of Ordnance had been furnished last September with a copy of the note and had studied it in considering the reductions which have in fact been made since our interim report. In the light of those discussions we submit in the following paragraphs a fuller report.

2. In considering the question of economy in the Ordnance Factories the first question to be decided is the most economical basis upon which to operate them in peace time while providing for rapid expansion in time of war.

There appear to be two logical policies :—

A. To maintain practically a war establishment and to hope to cover as much of the cost of this establishment as possible by competing strongly for both Government and public work.

or

B. To reduce the establishment to the minimum necessary for the production of lethal weapons and stores not manufactured at all by the trade, relying for other articles upon the trade and upon improvisation for rapid expansion in war.

It must be remembered, whichever policy is followed, that the existence of the Ordnance Factories provides a manufacturing reserve but for which it would be necessary to carry a much greater volume of stocks of various descriptions.

3. The present policy appears to be a compromise between the two.

The personnel employed in the Ordnance Factories during peace time and the estimated war establishment were given to us at the time of our interim report as follows :—

	Gazetted Officers other than Superintendents.	Permanent Non-Gazetted Staff.	Permanent Clerical Establishment.	Temporary Staff.	Labour Force.
Peace . . .	42	393	361	1,760	18,000
War . . .	48	712	361	2,500	40,000

The figures are we understand being reduced, and by the end of 1933 will have reached approximately the following :—

Gazetted officers.	Permanent Non-Gazetted staff.	Permanent clerical staff.	Temporary staff.	Labour force.
33	368	361	1,410	15,000

As the factories are only working from 15 to 40 per cent. of full capacity, it is evident that practically a full nucleus staff for war requirements is maintained, the main increases for war output being limited to the lower supervisory class, additional clerical assistance and the doubling of the labour force.

On the other hand the work undertaken is limited to the requirements of the army in so far as those requirements can be met in the Ordnance Factories and to such work as other departments of Government are willing to place with them. In addition the factories do petty work for individuals and in some cases do a small volume of work for the trade in products which cannot otherwise be manufactured in India. In this respect they fulfil a valuable pioneering function.

4. To illustrate the present uneconomic basis on which the factories are working, we would mention that the Rifle Factory at Ishapore is capable of turning out over 50,000 new Mark III rifles per annum, apart from other products, e.g., repair of machine guns, whereas present outturn based on requirements is only 20,000.

Similarly at the Cossipore Factory we were given an estimate that the Factory was operating at 40 per cent. of capacity on an 8-hour shift, whereas in war time it could work 100 per cent. of capacity on three 8-hour shifts.

5. To work economically therefore on the present establishment it would be necessary not only to place all army work with the Factories but also to go out into the market and obtain bulk orders to help reduce the overhead costs.

But in fact all army work that could be undertaken at the factories is not at present being placed with the factories. At Cawnpore, we are informed that a volume of 25 per cent. of the requirements of the army in leather goods is at present placed with the trade in order to ensure that in war time the trade as well as the factories is capable of expansion. Obviously from a purely factory point of view this is uneconomical and if the first policy referred to were to be adopted and worked to its logical conclusion, this 25 per cent. of requirements must be placed with the Harness and Saddlery Factory at Cawnpore.

6. But the problem now facing the army is how best in the long run to provide for a rapid expansion of requirements in war time in the cheapest possible manner in peace time. If in peace time all requirements are withheld from the trade, obviously the trade will be of no assistance in war time. The strongest reserve for war which the army could possess is a developed trade capable of rapid expansion to fulfil army requirements. Such a policy is in line with India's national desire to develop her industries and to make the country self-supporting as far as possible in peace and in war.

The Government of India have repeatedly declared their policy in this respect and it may be mentioned that one of the principal functions of the Indian Stores Department has been laid down to be the fostering of Indian industries.

The policy of Government concerning the Ordnance Factories is clearly defined in the following extract from a letter from the Secretary to the Government of India, Department of Industries and Labour, to the Secretary, The

Associated Chambers of Commerce of India and Ceylon, dated the 12th July 1923 :—

“ These factories have been instituted and maintained with the sole object of enabling munitions of war to be produced in India, and in order to make them fully effective it is necessary that their output should be capable, not only of supplying the peace time requirements of the Army in India, but also of rapid expansion to meet an emergency consequent upon the occurrence of a state of war. The plant installed in these factories and the strength of the staff employed in them are regulated solely by this criterion. Starting from this basis it is incumbent upon Government in the interests of economy to ensure, as far as possible, that the plant and the nucleus staff are kept fully employed. It follows as a corollary that in time of peace, if the requirements of the Army do not suffice to keep the plant and staff fully employed, the Ordnance Factories should be allowed to execute orders for other consumers.

The policy of the Government of India has, therefore, mainly to be determined by the proposition explained in the preceding paragraph. At the same time they have always recognised the principle that the transactions of Government factories and workshops must be conducted in such a way as to interfere as little as possible with private enterprise. With this object in view the orders governing the transactions of the Ordnance Factories prescribe that the surplus output of the factories must be utilized as far as possible in supplying other Departments of Government and that supply to private consumers should be a last resort. Further the production by Ordnance Factories of articles required either by Government Departments or by private consumers is confined so far as possible to articles which are not manufactured by private enterprise in India. Finally, in order to guard against unfair competition, the maintenance of proper costing accounts and the fixation of fair prices for stores produced are also prescribed.”

7. An examination of the output of the factories shows :—

- (a) That a very large number of articles required by numerous Government Departments, which cannot be manufactured by the trade in India, are at present being ordered from abroad when in all probability they could be manufactured in the Ordnance Factories economically.
- (b) That a large number of articles required by the army are being manufactured in the Ordnance Factories when they might be placed with the trade in accordance with the policy of Government. The officers of the factories not unnaturally endeavour to secure all possible orders for the factories in order to assist their economic working.

We consider that the present affords a good time for reviewing the whole policy in this respect.

8. As regards the manufacture in the factories of articles for which orders might be placed with the trade, we were assured more than once that the trade were not capable of turning out such and such an article to the standard required by the army. The army requires “ nothing but the best ”.

We are not sure that in many cases of articles other than those of a lethal or precision nature, the standard of equipment is not unnecessarily high, and the adoption of trade specification in certain cases would, in our opinion, save money: for example we believe all Army buckles are specially drop-stamped at Cawnpore. But even accepting the standard, and while acknowledging the excellent pioneering work which the factories have done in training Indian labour to produce articles of a high standard of quality, it is quite clear to us that what the Ordnance Factories can achieve can in most cases be done equally well by the trade even if the standard of quality is insisted upon. The trained labour exists and we have been informed that firms anxious to take over Government work would be only too pleased to take over the trained labour.

9. As regards orders from other Government departments for articles which cannot be manufactured by the trade in India, the factories are at present in a very difficult position in competing for this work. Their capital value is approximately $3\frac{1}{2}$ crores, but, as we mentioned above, they are not working in any case at anything approaching their full capacity, nor can they ever hope to do so in peace time. The effect of not working to full capacity combined with the recent fall in prices is that the factories cannot hope to cover the cost of overhead charges in peace conditions. As regards unused plant it should be possible to distinguish between that which is necessary for peace time production and that which is in effect a reserve for expansion and to bring in to the calculation of the cost of manufactured articles only the former. As regards fall in prices, firms in the trade dealing in armament have in fact been compelled to write down their capital in almost every case in order to bring their fixed assets into line with their production value. By estimating in each factory the value of plant which is capable of economical peace time production and by taking only this for purposes of calculating the overhead charges to be charged for outside orders from other Government Departments, etc., each factory would be able to work on a strictly commercial basis, i.e., in estimating the cost of an article it would be possible to assure conditions approximately equal to that of the trade. We understand that the difficulty of the factories quoting reasonable prices for work undertaken for other Government departments, etc., has in fact been recognised and that an endeavour has been made to meet it by a formula which regulates such prices and assesses overhead charges specially for the purpose. But it has been represented to us that the formula is too rigid and that even under it the factories are unduly handicapped.

10. While we have indicated above that in our opinion the factories are in many cases manufacturing a number of articles which might be made by the trade, we feel equally that there is a large number of articles in use by other departments of the Government, which cannot be made by the trade in India and in consequence have to be imported, e.g., axles and wheels for rolling stock. If the factories were placed upon an economical basis and they were enabled to reduce the cost of overhead charges on the lines indicated above, they should be able to compete on level terms with the trade overseas.

11. We therefore venture to suggest that a Government inquiry be undertaken to ascertain whether it is not possible to adopt a policy whereby

- (a) factories hand over for manufacture by the trade all articles which can now be manufactured by the trade or which can be manufactured by the trade with proper encouragement on the technical side,

- (b) all departments of Government are instructed to place as much work as possible with the Ordnance Factories provided the work cannot be done by the trade in India,
- (c) the factories are put upon an accountancy basis, which will enable them to compete on terms of equality,
- (d) no staff reserve for war is maintained.

We anticipate that such a policy would probably result in two economies—

- (1) it should be possible greatly to reduce the overhead charges for supervision,
- (2) it should be possible to increase the volume of work in those departments, which are retained, by increasing the outturn of work for Government departments other than the army. It may even be possible that some of the staff reduced by the first process may find economical employment under the second. It has been suggested that other Government departments would hesitate to entrust more work to the factories in lieu of obtaining imports from abroad for fear that on mobilization they might be immediately deprived of their sources of supply. But we understand that in fact there would be little likelihood that the factories would be unable to continue to supply until other satisfactory arrangements could be made.

12. In making a proposal for reduction in staff we are aware that we shall be met by the objection that to reduce staff in peace will mean inability to expand the production of important articles rapidly in war. But we think that the schedule of staff given in paragraph 3 above indicates that the war insurance has in reality been high and we think that expansion should be possible from a considerably smaller nucleus. In the present financial conditions some risks must be run and we think it preferable to rely, as formerly, upon improvisation and upon the power to import in the earlier stages of war rather than to continue to pay such a heavy insurance at all times. Moreover the insurance sacrificed will be counterbalanced by the insurance obtained by a developing trade, which in more advanced countries is the greatest insurance for the rapid increase of supplies in war times.

13. The above policy should be applied to all factories other than those dealing with purely army requirements, such as the Rifle Factory at Ishapore, the Cordite Factory at Aruvankadu and the Ammunition Factory at Kirkee.

14. We would here like to record that the Rifle Factory which was working to greater capacity than the other shops gave us on the whole a most satisfactory impression of efficiency. We were also favourably impressed with the high degree of precision and finish with which many operations were carried out in the Rifle Factory, the Gun and Shell Factory, the Harness and Saddlery Factory, the Ammunition Factory and elsewhere. The standard of work is creditable both to the supervising staff and to the labour concerned, and we consider that apart altogether from their value as Ordnance Factories in peace and in war, these factories are performing a definite service to the country in proving the capacity of Indian workmen to handle work of this description.

15. Apart however from the above general recommendation we offer the following observations on various points connected with the factories, as they operate under the present policy.

16. *Administration and Management of Factories.*—So far as we could ascertain the Superintendents are not necessarily specialists in the work of the factories which they superintend, but are moved from one factory to another without a prolonged period in charge of any factory. It is open to question whether this system is as satisfactory as that which we understand is usual in commercial life where the superintendence of factories of this kind would remain for longer periods in the hands of officers with specialized knowledge. In making this observation we would make it clear that it is not intended in any way to reflect on the officers at present holding the appointments, but is rather a suggestion that in principle it may be desirable in future to follow commercial practice in this respect.

We suggest also that one Superintendent should superintend both the Ishapore Factories as was done formerly. It is a question whether one Superintendent might possibly superintend the Cossipore Factory as well, leaving the works administration to works managers, but on the whole we do not recommend this.

We are assured that all factory officers are imbued with a high sense of the necessity for economy and we have no reason to question this statement. But in our opinion they are handicapped in comparison with managers of commercial works by not having the same competition or the criticism of true profits to test the results of their working.

At present the Priced Vocabulary of Stores (P. V. S.), on which prices of all issues to the army are based, forms the standard by which the commercial working of the factories is regulated. We are informed that in arriving at the fixed prices or P. V. S. rates of Ordnance Factory products the ideal aimed at is to fix the price or rate at whichever of the following, rates is the lowest :—

- (a) The English P. V. S. rate *plus* freight and customs *plus* 10 per cent.
- (b) The English rate from private firms *plus* freight and customs.
- (c) The average of the manufacturing cost in India (normally the Indian Ordnance Factories) during the past 3 years.

For all issues to the army credit is given to the Factories at P. V. S. rates, and if the factory costs are less than the credits so arrived at a "profit" is shown. But the P. V. S. rates are not only apt to be out of date but are largely based upon the costs of the factories themselves when working upon an uneconomic basis. In a period of falling prices when factories can make their purchases at constantly falling prices and are credited for their products at P. V. S. rates based upon higher levels, they ought to show very substantial profits. But the fact that profits are shown in the annual accounts does not mean that the factory is operating economically; on the contrary it may merely indicate that the P. V. S. rates are too high.

Nor, to judge from such evidence as we had, can the superintendents find the cost statements in general of great value in determining whether articles are being economically produced. The outturn in any given year of any given article may vary so greatly and the cost may in consequence be so affected that a general comparison is of little value. An analysis of material costs, labour costs and non-productive and power and machinery costs may be of value but even here a detailed knowledge of the conditions in the works is necessary before a true comparison can be made. In times of falling prices and falling labour rates something would be very wrong if costs did not fall steadily upon a given production.

If the factory officers can be supplied with cost figures which are of immediate value to them, if they have a chance of competing by open tender for all Government work which is at present imported and if a method can be devised of informing the management of the prices at which the trade can produce and sell the various articles manufactured in the factory, that element of competition would be introduced which in commercial life is the greatest help to economy and reduction of costs.

17. *Factory Supervision and Miscellaneous Employees.*—In general we found that the supervisory staff had not decreased in proportion to the decrease in the volume or value of orders.

Since our interim report the Master General of Ordnance has reviewed all the factory establishments and has decided on reductions which will result in the figures shown in paragraph 3. These reductions have been, so far as officers are concerned, in what is known as the Works Inspection Branch. We feel that further reduction may be possible in other departments, and that a review should be carried out periodically at all the factories to ensure that—

- (a) in the superior supervisory grades one man could not be used more often to supervise two jobs ;
- (b) the supervisory staff is not in any case excessive for the work now going through or likely to go through in the future (apart from war expansion).

We understand that annually a certain number of officers is sent on deputation to England. We recommend that this practice should be suspended.

We also recommend as a measure of economy that trained Indians should be substituted, on a definite programme, for supervisory staff obtained from abroad. We have been informed that an apprentice training scheme has been in force in the factories for a long time and that as a result trained Indians are employed in the junior supervisory grades. But we gathered from the Master General of Ordnance that more rapid progress was hindered by the lack of comparatively small funds to enlarge and extend the facilities for training. As an economy committee we necessarily are somewhat slow to accept claims that immediate expenditure should be undertaken in the hope of future economies : but in the present case we attach such importance on economic grounds to the training of Indians to a standard that will enable them to undertake supervision at these factories that we consider that any suggestion which will enable this to be done more rapidly should be sympathetically, if critically, examined.

18. *Principles of fixing pay.*—We were informed at one factory that the policy in view was to pay Indians selected for supervisory work the same rates as Europeans, without overseas allowances. This raises a general question of policy of wider application than to the factories only, and possibly of considerable ultimate financial importance. While the rates of pay should be adequate to attract really good men, we think they should be fixed on their merits, having regard to what is paid to Indians with similar qualifications in outside employ, and that the question should be carefully examined before the principle of payment on any other basis is finally accepted either in the Ordnance Factories or in other departments.

19. *Pay*.—We understand that the 10 per cent. cut has been applied to all the staff at the factories except daily paid labour, in whose case a 5 per cent. cut has been applied. We therefore make no recommendation on this point.

20. *Concessions*.—Recently leave with pay up to a maximum of 20 days per annum, varying with the years of service, was sanctioned by Government for workmen. We understand that workmen in civil employment do not usually receive this concession: there are already over 90 non-working days in the factory: and the working hours are reasonable. We should therefore have been disposed to recommend the withdrawal of this concession had it not been represented strongly that its effect on efficiency and contentment at the factories was expected to be considerable, and had the workmen not had a reduction in pay. We therefore recommend that a report be called for each factory at the end of two years showing the cost of the concession and the advantages gained in efficiency and contentment, in order that if the cost of the concession is excessive or disproportionate to results it may be withdrawn.

21. *Factory Stocks and Stores*.—A very large amount of money amounting on the 1st April last to Rs. 321 lakhs is locked up in factory stores. We suspect that owing to the fall in world prices these figures must show a substantial but now unavoidable loss. In many cases the figures given to us show that the authorised quantities are very much exceeded, while in others there is a deficiency. Unless there is greater uniformity there must be considerable confusion in war time and we recommend that the manufacture of articles, semi-manufactures or components, of which there is an excess, be stopped. To counterbalance this an increase of other articles may be desirable and we cannot say whether a saving, or only increased efficiency, will be possible.

It is admitted that factories must be ready for prompt expansion in war time or their *raison d'être* vanishes. But we think that it is desirable to consider whether in many cases the command of the sea (which we must assume) would not allow early replenishment of many readily purchasable supplies.

We notice for instance that on May 1st, 1931, the Metal and Steel Factory was carrying Rs. 8½ lakhs worth of copper ingots, and Rs. 3 lakhs of zinc. Possibly this was due to a cheap purchase by the Director of Contracts. If, however, it is normal for large quantities to be purchased and delivered in one consignment, we think that economy through the saving of interest could be effected by spreading deliveries more widely over the year. In many articles a saving by avoiding deterioration would also be effected by carrying lower stocks.

In the particular case of copper, we trust that the experiment of using Indian produced copper will be proceeded with, as not only will it encourage indigenous industry but it will also save the holding of such large stocks.

In general we understand that civil factories usually manage to operate on a considerably lower basis of stocks and we suggest that the question should be considered of lowering the basis of easily purchasable articles. In this matter as in all others under our enquiry the financial risk has to be weighed against the war risk.

We have heard of occasions when even in peace time manufacture has had to cease owing to shortage of a particular material. We consider that with the very heavy staff now working at reduced pressure this should never occur, if the system of watching stock lists and consumption rates was operating really efficiently. So far as Army Headquarters are concerned, we appreciate

that the 28,000 articles dealt in make supervision difficult. This is one of the disadvantages of centralisation and we recommend that a further enquiry be held to ascertain if the placing of greater responsibility upon the factory management would not lead to greater economy and efficiency in the use and stocking of stores.

The following figures in lakhs of rupees show the total value of stocks on hand for the last four years *plus* the value of unfinished and semi-finished, but unused, products :—

	Value of Stocks.	Preceding year's purchases.	Stores received from other Depts.	Value of Semi's.
1st April 1928	283·65	165·96	34·48	95·48
1st April 1929	281·07	128·54	27·04	80·11
1st April 1930	306·52	124·30	42·14	75·61
1st April 1931	320·81	96·31	24·64	..

We understand that included in the 320·81 lakhs are components to the value of 36·83 lakhs transferred to the factories from the arsenals, and not covered by the figure of 283·65 lakhs for 1st April 1928. Even allowing for this, there is an increase of stocks shown, and in all probability the increase is greater than the figures suggest because the fall in prices during the period would mean that the same value of stores would represent a larger quantity in 1931 than in 1928. The fall in the index prices of wholesale commodities in the period in question was from 141 to 100, and this would mean that 283·65 lakhs in value in April 1928 would be represented by some 200 lakhs in April 1931. But this ratio is probably not applicable to the factory figures because they are built up from P. V. S. rates, which would not correspond to current outside market prices. The position however as revealed by the figures is not satisfactory; not only is there a loss of capital and interest involved in the holding of heavy stocks during a period of falling prices but there are charges for storage and handling and depreciation. We understand that included in the figure for April 1931 are excess factory stocks to the value of Rs. 24·06 lakhs and surplus stock to the value of 2·37 lakhs. The former will be absorbed as soon as possible and the latter will be disposed of.

We strongly recommend that drastic and continuous efforts be made to reduce stocks to more economic dimensions.

22. *Coal Stocks.*—We note that at the Metal and Steel Factory the stocks of coal on the 1st June 1931 were 13,000 tons, having been reduced considerably last year. This represents 6 months' working and is based upon having enough coal in stock *plus* orders for further supplies for all work in sight and a surplus of 6,000 tons.

As we are informed that the usual practice in civil factories is to carry about one month's supplies, and that the railways normally do not carry anything approaching 6 months' supplies even when far removed from sources

of supply, and in view of the comparative proximity of the works to the coal-fields and the liability of coal to deteriorate under storage, we strongly recommend a reduction of stocks carried to, say, 2 months' supply. A saving of both interest and wastage will accrue and we do not think we are recommending any undue risk.

We recommend that similar principles be applied to other factories, allowing for the factor of distance and after consideration of the policy followed by the railways who equally are dependent on coal.

23. *Power Costs.*—Coal is at present purchased through the Director of Contracts who in turn passes the order to the Chief Mining Engineer to the Railway Board—a round about procedure but the purchasing is done by an expert. Coal is however under this system treated more or less as an "issue": the superintendents and engineers have no encouragement to experiment with various qualities and conditions of fuel with a view to economy. We have no expert on the Committee but from figures supplied to us it would appear that greater evaporative efficiency might be obtained by a close study of the problem. It is possible too that a re-arrangement of the boilers to burn slack coal, which commands a low market price, in place of steam coal or rubble might result in savings: expert advice followed by close supervision in this matter would be necessary, but we think there is scope for at any rate some economy.

The evaporative efficiency of one set of boilers compared with specimen figures taken from civil factories was as follows:—

Lbs. of Steam evaporated per lb. of Coal.

	Water Tube Boilers.	Lucas hire Boilers.	Coal Used.
Ordnance Factory . . .	6.5	..	? Selected Rubble.
Ordnance Factory . . .	..	4.32	? Selected Steam Coal.
Civil Factory	7.0	..	Mixed Jherria.
Civil Factory	7.0	..	Raniganj Slack, Grade I.
Civil Factory . . . .	..	6.34	Disherghar Slack Coal.
Civil Factory . . . .	..	6.00	Mixed Disherghar and Raniganj.

While not able to comment technically on these figures, we feel on the evidence tendered that a substantial saving may be possible.

The steam consumption due to the use of old high speed engines at more than one factory appears to be excessive. At the Metal and Steel Factory a modern turbine now under order should effect economy, the consumption of steam on the existing new set being 14 lbs. of steam per unit against 38 lbs. on the old sets. The new set under order should show even greater efficiency under the same conditions.

We recommend that a report on the power costs at the Calcutta factories should be called for from an expert, who should have extensive special knowledge of power installations: such a man should be readily available in Calcutta.

If savings seem possible there, the enquiry might be extended to the other factories.

At Shahjahanpur we understand that electric power can be had cheaper from the public supply than by generation in the factory.

24. *Costing System.*—We have already recommended in the portion of our interim report that dealt with the Military Accounts Department that the possibility of economy by some simplification of factory accounts should be examined by some expert with practical experience of factory accounts and management. We repeat that recommendation here, viewing the matter rather from the point of view of enhancing the value of the cost accounts than of the possibility of economy in the accounting machine.

The costing of each item manufactured in the factories would appear to be done for three reasons :—

- (i) To enable Army Headquarters to re-price the P. V. S.
- (ii) To enable Army Headquarters to see that manufacture is proceeding economically.
- (iii) To enable the Works Management to check their costs at all stages so that they can instantly check any extravagance.

A brief examination of some of the costs given us leads us to doubt whether any of these three functions is satisfactorily fulfilled at present.

The sample costings shown in the appendix are taken from items given us by the Superintendents as supplied by the Accounts Branch. They show large variations in material costs and in labour costs, and large fluctuations in overhead charges, and would appear to be difficult to use for the purposes mentioned above.

25. *Capital Expenditure.*—We recommend that all capital expenditure be reduced to the minimum for the time being. At the Ishapore Rifle Factory a replacement of machinery costing Rs. 7 lakhs had been sanctioned at the time of our visit. We recommend that the necessity of replacement of each individual machine be further considered, and that where machines can continue to run with reasonable efficiency their life be prolonged until the present financial crisis is surmounted.

We recommend that the question of laying out extra plant for the manufacture of complete machine guns, which is now under consideration, be reviewed with more than usual caution to make quite certain that the saving of Rs. 65,000 per annum expected will be likely to be accomplished in fact.

We recommend that, in view of the advance of the housing and amenity programme in factories in recent years, all new works of this nature be suspended for the present. In particular we recommend the suspension of the programme to provide dustless roads at Cossipore at a cost of Rs. 40,000.

APPENDIX TO CHAPTER IV.

Articles.	Year.	Number.	Material.	Labour.	Shop & General charges.	Total cost.	Cost each.
			Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.
COSSIPORE GUN AND SHELL FACTORY. Ord. Q. F. 3-7 in. How. .	1925-26	11	65,212 13 10	9,994 6 9	74,692 10 11	1,49,899 15 6	13,627 4 4
	1928-29	10	59,861 5 7	6,928 4 2	26,434 13 11	93,224 7 8	9,322 7 2
	1929-30	11	63,388 2 1	10,171 15 10	52,099 12 3	1,25,659 14 2	11,423 10 0
Fuze T & P No. 80 Mk. XI Empty.	1927-28	9,000	29,872 7 5	6,745 4 4	21,599 10 3	58,217 6 0	6 7 6
	1928-29	50,280	1,58,819 6 8	46,446 4 2	1,61,793 5 8	3,67,059 0 6	7 4 9
	1929-30	1,250	26,685 14 3	167 7 10	1,006 11 11	27,860 2 0	22 4 7
METAL AND STEEL FACTO- RY, ISHAPORE. Steel Bars and Rods per cwt.	1927-28	..	7 11 2	0 7 2	2 3 7	..	10 5 11
	1928-29	..	8 6 2	0 7 1	2 14 0	..	11 11 3
	1929-30	..	11 2 9	0 8 7	3 13 8	..	15 9 0
60 Pr. H. E. Body .	1927-28	..	11 15 2	0 11 10	4 12 2	..	17 7 2
	1928-29	..	10 2 0	0 10 4	5 14 11	..	16 11 3
	1929-30	..	15 5 2	0 8 8	3 14 9	..	19 12 7

Articles.	Year.	Number.	Material.	Labour.	Shop & General charges.	Total cost.	Cost each.
4.5" H. E. Body . . .	1926-27	..	8 4 3	0 4 9	1 15 6	..	10 8 6
	1927-28	..	8 0 7	0 6 0	2 5 4	..	10 11 11
	1928-29	..	4 8 9	0 6 1	3 3 11	..	8 2 9
Q. F. Case 4.5" . . .	1927-28	..	3 5 8	0 6 11	1 7 9	..	5 4 4
	1928-29	..	1 15 8	0 11 10	4 5 3	..	7 0 9
	1929-30	..	9 0 2	0 11 5	4 2 5	..	13 14 0
ISHAPORE RIFLE FACTORY.							
Rifle No. 1 Mark III New	1926-27	17,000	17 6 4	20 7 2	41 8 9	..	79 6 3
	1927-28	17,748	15 14 4	18 12 8	29 15 6	..	64 10 6
	1928-29	27,030	49 15 5	11 7 8	18 0 1	..	79 7 2
Rifle No. 1 Mark III Reconditioned . . .	1926-27	19,796	6 1 8	7 13 11	14 1 4	..	28 0 11
	1927-28	32,252	7 12 2	9 5 5	13 12 10	..	30 14 5
	1928-29	40,980	22 0 9	5 15 9	8 10 2	..	38 10 8

CHAPTER V.—INSPECTION OF STORES AND CLOTHING.

1. The Inspectorate of Stores and Clothing is an establishment controlled by the Director of Artillery on behalf of the Master General of Ordnance and is responsible for the independent inspection of all stores of ordnance supply procured or produced in India before they are taken into the service. It is also responsible for inspecting stores (other than those known as "general stores") in the hands of troops. The inspection of stores purchased is undertaken by inspectors, who are stationed at the various Ordnance Factories, with branches at other appropriate centres, such as Calcutta and Bombay. The condition of lethal stores in regimental charge is ensured by travelling examiners, who report the result of their inspection through the Inspectorate to the Director of Artillery and to other military authorities concerned, *i. e.*, units, brigades, districts and commands. The permanent staff of the Inspectorate consisted in 1913-14 and 1931-32, we understand, of the following numbers :—

<i>Officers—</i>		1913-14.	1931-32.
Military		15	23
Civilian . . . . .		..	13
<i>Subordinates—</i>			
Military		50	93
Civilian		60	73
<i>Clerks—</i>			
Civilian		36	72
		<hr/>	<hr/>
		161	274

We are informed that the cost of the Inspectorate in 1913-14 was 4.58 lakhs and in 1931-32 is Rs. 15.45 lakhs. In 1913-14, its only responsibility was the independent inspection of the output of Ordnance Factories, and as its staff was small it was unable to do more than examine finished stores and could not examine components and material of articles used. As compared with 1913-14, it is stated that the following additional responsibilities have been placed on the Inspectorate :—

- (a) The inspection of clothing and stores for the manufacture of clothing supplied to the army,
- (b) The inspection of optical and scientific stores repaired by the Mathematical Instrument Office, Calcutta,
- (c) The inspection of the stores of ordnance supply purchased from the trade in India for army use,
- (d) An increased inspection of, and watch over, explosives in stock in arsenals and with troops,
- (e) The inspection of respirators and their components,
- (f) The inspection of machine guns and their appurtenances produced and repaired in India or imported from England.

2. In addition to inspection duties, the Inspection Department undertakes the investigation and initial preparation of designs, and also through the Chemical Defence Research Department carries out original research in connection with certain problems relating to defence against gas. It also provides

technical training for certain personnel at the Inspectorate of Small Arms at Ishapore; for example, suitable Indian youths are trained as armourers and refresher courses are held for graduate armourers. Instruction in the repair of boots is given by the staff of the Chief Inspector of Stores and Clothing at Cawnpore.

Inspection of stores is also undertaken for the Royal Indian Marine, Royal Air Force, Indian State Forces, Civil Departments, such as the Foreign and Political and Home Departments, and the Frontier and Constabulary Police.

3. The inspection carried out may roughly be divided into three parts :—

- (a) Inspection of output of Ordnance Factories.
- (b) Inspection of stores purchase in India.
- (c) Inspection of technical equipment with units.

4. In regard to the inspection of the output of Ordnance Factories, we were informed that, except in the Rifle and Clothing Factories, manufacturing establishments maintained a works inspection. This, we are informed, results in a certain amount of duplication of inspection and, as it has been found possible in the above mentioned factories to rely solely on the inspection carried out by the independent inspection staff, we recommend that a similar course be followed in the case of all stores, other than guns and their appurtenances and ammunition, manufactured in the factories.

We understand that this will be done and that the resultant saving will be not less than Rs. 10,000 a year.

5. As regards the inspection of stores purchased in India which are not of special military design we raised in the summer with the military authorities and the Chief Controller, Indian Stores Department, the possibility of co-operation between the two departments in the matter of inspection with a view to avoiding the dual establishments which are at present maintained in certain towns. We are glad to learn that the Master General of Ordnance has arranged, in consultation with the Controller, for experiments on the lines of co-operation to be carried out. Thus at Cawnpore for twelve months the Army Inspection Department will, we understand, inspect on behalf of the Indian Stores Department. At Madras, where hitherto the army have not had an inspection officer stationed, but where appointment of army staff was anticipated owing to the prospect of purchases being made there under the rupee tender rules, the Indian Stores Department will undertake inspection on behalf of the army. If these experiments are successful, the arrangements will be extended elsewhere. We are not in a position to anticipate what savings will accrue to army funds and to the Indian Stores Department, but there should be substantial economies in working. We cordially welcome this experiment as an endeavour to get rid of a duplication of government staffs which must lead to unnecessary expense.

6. As regards the percentage of stores inspected before they are accepted into the service, we have been informed that in the case of lethal stores such as rifles, machine guns, ammunition, etc., 100 per cent. inspection is carried out. In the case of general stores, we understand that only a percentage of the stores supplied is inspected, normally 20 per cent. We appreciate the necessity of a full inspection of all stores, such as rifles and ammunition, in which defects might cause injury or loss of life. As regards general stores, the question

should be governed simply by the consideration how much inspection is necessary in order to protect the Government from receiving inferior or defective articles. On this question there are always two sharply opposed schools of thought. On the one hand, the cost of the inspectorate of stores and clothing by which the bulk of this kind of work is performed is over Rs. 4½ lakhs, and this sum is an obvious mark for criticism : on the other hand, it is claimed that the cost of inspection more than covers itself not only by the actual rejections but also because an efficient inspection acts as a deterrent. We do not minimize the value of inspection, but we had the impression on our visit to Cawnpore that the amount of inspection of articles of ordinary use was somewhat excessive. We, therefore, recommend that in the case of general stores the normal percentage of inspection should be 10 per cent., this being increased where circumstances render it desirable. If this decrease is accompanied by strict measures, such as refusing tenders in future from contractors whose deliveries are found to be unsatisfactory, it should be possible to avoid any serious deviation from the present standard of supplies.

7. We have considered whether it would not be possible to recommend, as a measure of economy, the greater employment of civilians and Indians in lieu of the more expensive British military officers and other ranks. At present out of 36 officers 23 are military and 13 civilian, the pay of the former averaging over Rs. 1,400 a month in the case of the administrative class and over 900 a month in the case of the departmental class, and in the case of the latter under Rs. 1,250 a month. We have been informed that the essence of a satisfactory inspection on behalf of the army is that the responsible officers should be military officers having practical knowledge and experience of the use of the stores, and that it is only in those appointments in which technical rather than military knowledge is required that civilians are suitable. We appreciate this consideration, but, even allowing for it, we feel that the ratio of military to civilian officers is on the high side and we recommend that each post should be reviewed to see whether civilian could not be appointed at a less cost.

Among the civilians who are already officers in the department, only one is an Indian. Since the British civilian officers receive overseas rates of pay, the employment of Indians would be an economy even at the current standard rates. But we understand that there are difficulties in obtaining suitably qualified men. We recommend young Indians with high educational qualifications be recruited with a view to their training in lower grades and subsequent promotion to the officer class, if they make good. If a scheme were adopted on these lines, it should be possible to reduce the initial rates of pay of the officer class, in view of the training given at the State's expense. As regards subordinates, we are informed that the policy of Indianizing certain chargemen's posts was introduced in 1929 and that two Indian chargemen are at present employed out of a total of eight civilian chargemen. We recommend that the policy be pressed forward more rapidly, since it is from the chargemen that the Assistant Foremen and Foremen are generally recruited and in those grades the British employee definitely draws more pay.

8. We understand that the question of continuing the Chemical Defence Research Department, which was started two or three years ago with staff brought over from England, is under consideration. We recommend that it should be closed as soon as possible, thereby saving some Rs. 75,000 a year.

CHAPTER VI.—AUXILIARY AND TERRITORIAL FORCES.

1. The Auxiliary Force, India, is constituted under the Auxiliary Force Act, 1920 ; it is recruited, with few exceptions, from Europeans and Anglo-Indians and consists of units of all arms. The Indian Territorial Force is constituted under the Indian Territorial Force Act, 1920 ; it is recruited from British subjects other than European British subjects and consisted at the time when the estimates for 1931-32 were framed of 18 Provincial battalions, 4 Urban units, 11 University Training Corps units and the Indian Territorial Force Medical Branch.

2. The following table shows the sanctioned establishment of the two forces in 1931-32 and that of the Volunteers in 1913-14, who then occupied the position now held by the Auxiliary Force, India. There was no Indian Territorial Force, before the war.

		1913-14.			
Staff in Commands, etc.		Permanent Staff.		Volunteers.	
Officers.	Others.	Officers.	Others.		
1	..	59	310	41,000	
		1931-32.			
Staff in Commands, etc.		Permanent Staff.		Establishment.	
Officers.	Others.	Officers.	Others.		
9	29	57	358	36,000 Auxiliary Force.	
		94	39*	20,000 Territorial Force.	

3. In 1913-14 the expenditure on the Volunteers amounted to Rs. 29,38,000. In 1931-32, the estimates for staff at Army Headquarters, at headquarters of commands, and at headquarters of districts and brigades, employed in connection with the Auxiliary and Territorial Forces, amounted to approximately Rs. 2 lakhs. Apart from these staffs, the expenditure under the heading Auxiliary and Territorial Forces was estimated in 1931-32 at Rs. 61,41,000 on the Auxiliary Force and Rs. 27,57,000, on the Territorial Force; this latter figure includes Rs. 10 lakhs from civil funds. To these figures must be added expenditure on stores and works provided under Head V and the Head for Military Engineer Services, amounting to Rs. 15,43,000 in the case of the Auxiliary Force, and Rs. 7,48,000 in the case of the Territorial Force. It should be noted that according to the figures of the last two years the provision of Rs. 10 lakhs from civil funds for the Territorial Force is not being fully utilised : in 1930-31 only Rs. 6½ lakhs were spent and in 1931-32 it is estimated that only Rs. 8 lakhs will be spent.

* Excludes 7 paid for from civil funds.

4. *The Auxiliary Force, India.*—The functions of the force are laid down in the report of the Auxiliary and Territorial Forces Committee, which reported in 1925, as being,

- (1) the relief of the regular troops from garrison duties in time of war,
- (2) reinforcement of the first line in time of war, and
- (3) assistance to the civil power.

Occasion for employment under the first two headings has not arisen since the Auxiliary Force replaced in 1920 the similar force which previously existed, but we have been informed that from 1927 to August 1931 the force has been called out in aid of the civil power on the following occasions :—

	Times.
1927	8
1928	5
1929	9
1930	73
1931 (to August)	24

It has been represented to us in the evidence given that the objects of the Auxiliary Force as laid down by the Auxiliary and Territorial Forces Committee are being attained.

The force consists, as stated above, of units of various arms and we have discussed with the military authorities concerned what the functions of those arms, other than infantry, are and whether the extra expenditure, which they entail, is justified. So far as artillery is concerned (6 brigades and 7 batteries in all) we were informed that the military authorities are already considering the necessity for their employment. As regards cavalry (10 units) we were told that they are stationed, generally speaking, in localities where no regular units of the army exist and if they were disbanded a corresponding increase in the regular cavalry would be involved. The Royal Engineers (2 field companies and 1 searchlight company) and the Royal Corps of Signals (1 signal company) are trained to assist other units of the Auxiliary Force, and to assist regular Royal Engineer and Royal Corps of Signal units, *e.g.*, in the maintenance of the searchlight of defended ports. The medical and veterinary officers belonging to the force provide, as far as possible, the personnel required for looking after the Auxiliary Force during training periods.

We recommend that unless the retention of the artillery element in any particular case is definitely necessary for the carrying out of the appropriate defence scheme that element in the Auxiliary Force should be abolished. As this recommendation touches on technical questions on which we are not competent to express an opinion, we are not in a position to give an estimate of the savings which would undoubtedly accrue if it is possible to carry out the recommendation. As regards units of other arms, we recommend that the inquiries now being undertaken into the necessity of artillery units should be extended to cover units of all arms other than infantry. As regards the medical and veterinary officers, we recommend that every effort should be made to provide for the needs of the force during its training by utilising the services, where possible, of regular officers stationed in the neighbourhood with a resultant reduction in the establishment of the Auxiliary Force. There are at present 73 medical officers and 5 veterinary officers of the Auxiliary Force and the cost of each officer is approximately Rs. 540 a year, so that a reduction of 50 per cent. in the establishment would result in a saving of approximately Rs. 20,000.

We deal in subsequent paragraphs with certain points of detail connected with the pay, training and permanent staff of the Auxiliary Force in conjunction with similar questions which arise in regard to the Territorial Force.

5. *Indian Territorial Force, including University Training Corps.*—The functions and objects of these units are defined as follows by the Auxiliary and Territorial Forces Committee :—

“The functions of the University Training Corps should be primarily educational. They should be regarded definitely as the foundation upon which the Indian Territorial Force and later the Indian national army is to be built up, and should become one of the recognised recruiting grounds for the officers, non-commissioned officers and men of this force. In time they should develop also into a potential source of supply of candidates for commissions in the regular Indian Army.”

“The active section of the Indian Territorial Force should be regarded as,

- (i) a means of imparting military and patriotic ideals to the non-martial classes and of familiarizing them with military training and service,
- (ii) a second line to the regular Indian Army, its functions as such being, firstly to relieve regular units of garrison duties in time of war, secondly to reinforce the first line in time of war and thirdly to be used in aid of the civil power, if the local civil and military authorities consider it desirable that Territorial units should be embodied for this purpose.”

In the course of our enquiry it has been brought to our notice that at the present time these functions are not being fulfilled. As regards University Training Corps units it has been suggested that there is no marked general enthusiasm for the Corps among some of the universities concerned, that attendance at camps and at weekly parades leaves much to be desired, and that consequently the standard of efficiency so far attained is not as great as might be hoped for. As regards the other units of the Indian Territorial Force, it has been represented that in areas, which are normally recruiting grounds for the regular army, there is no necessity for the Territorial Force in order to familiarise the general population with military service, and that, where units of the force exist in other areas, the objects are not in fact being attained. Up till now occasion has not arisen for the force to act as a second line to the regular army. As regards assistance to the civil power we have been told that the circumstances under which Provincial battalions are trained and the scattered areas from which they draw their personnel make it impossible that they should be readily available for use in a civil emergency, while the question has been raised whether the Urban units (which receive considerably less continuous training than the Provincial battalions) have yet attained the necessary standard of training and experience. The evidence which we received on this point has been given to us by the military authorities and we have not had the opportunity of taking evidence from other sources. We accordingly recommend that an enquiry should be made whether in effect the objects for which the Indian Territorial Force (including the University Training Corps) is raised are, under present conditions, being achieved, or whether by reorganisation the force would be better able to fulfil its functions. In making this recommendation we have taken into consideration the political importance of the force, though as an economy committee we can only bring the matter to notice by pointing out that apparently money now being

expended is not achieving the objects contemplated. We have also no doubt that, in the general discussion of the military policy in connection with future constitutional questions, the position and functions of the Territorial Force will come under review.

6. *Pay.*—Broadly speaking officers and men of the Auxiliary Force and of the Territorial Force, other than the University Training Corps, receive pay during training; in the case of the University Training Corps, junior grade officers, n. c. os. and men get no pay individually but a sum equivalent to the pay and allowances, which would be drawn by them in camp, is placed towards the unit training grant.

We understand that the 10 per cent. cut in pay has not been applied to the pay drawn by officers and men of the Auxiliary Force and Territorial Force and in respect of members of the University Training Corps when out on training. We have been informed that this is because "members of the Auxiliary and Territorial Forces are not whole-time soldiers and only act and are paid as soldiers for a portion of the year." In our opinion this is not a valid reason for difference of treatment. The saving involved in applying the principle would be approximately 2½ lakhs a year and we think this saving should be secured.

A curious point has been brought to our notice regarding the pay drawn by officers of the Auxiliary Force. When they are out on training they receive the old rates of British Service pay *plus* a staff allowance, which was equivalent to what British officers of the Indian Army used to draw under the old pay code. But, if they are called out for duty in emergency, they receive the new British Service rates. The following table shows the difference between these two systems of payment. We see no reason why an officer should receive more at training than when called out for actual service, and think that the British service rates should be applicable in both cases. There would be a saving of approximately Rs. 45,000 a year were this the rule, but it might not be possible to introduce the change except for new entrants.

	British Service rates under old rule. Rs. a month.			British Service rates under new rule. Rs. a month.	
	Pay.	Staff pay.	Total.	Single.	Married.
Lieutenant-Colonel	1,250	400	1,650	1,300	1,450
Major after 5 years as such	1,050	200	1,250	1,090	1,235
Major	950	200	1,150	965	1,105
Captain with 15 years total service	850	200	1,050	810	955
Captain with 10 years total service	750	200	950	690	825
Captain	750	200	950	660	795
Lieutenant with 7 years total service	550	100	650	530	620
Lieutenant	475	100	575	460	545
2nd-Lieutenant	425	100	525	405	490

7. *Training.*—The following are the periods of training for the Auxiliary Force and Territorial Force respectively :—

AUXILIARY FORCE.		Days.
Infantry—		
Active class		16
" A " reserve		6
Other arms—		
Active class		20
" A " reserve		10
TERRITORIAL FORCE.		
Urban units	As for the active class of the Auxiliary Force.	
Provincial battalions—		
9 units	1 month.	
9 units	2 months.	
University Training Corps	Not exceeding 15 days' camp.	

During 1932-33, Provincial battalions of the Territorial Force are, on account of the financial stringency, all performing only one month's training and we recommend that the result of this curtailment on the efficiency of the units concerned should be carefully watched. We have discussed with the military authorities whether in any other case the period of training can be curtailed, but it has been represented to us strongly that the periods are already the minimum for efficiency and we, therefore, make no recommendation on this point.

8. *Staff at Army Headquarters and in commands, etc.*—In the 1931-32 Estimates provision was made for two officers at Army Headquarters and seven officers in commands and districts to deal with Auxiliary and Territorial Force questions. In 1932-33, we understand, there will be only seven officers in all, two at Army Headquarters and five in commands and districts. While we do not suggest the abolition of the appointments at Army Headquarters, we recommend that the work in commands and districts in connection with the Auxiliary and Territorial Forces should be distributed among the ordinary staffs, thus ultimately saving the expenditure of Rs. 70,000 a year on the special staff of officers at present provided for the purpose.

9. *Permanent Staff.*—The following were the establishments authorised for 1931-32 :—

(a) *Auxiliary Force*—

Unit of 1 company—

1 Company Sergeant Major (W. O. Class II).

1 Staff Sergeant Instructor.

Unit of 2 companies—

1 Acting Regimental Sergeant Major (W. O. Class I).

2 Staff Sergeant Instructors.

Unit of 3 or more companies—

1 Acting Regimental Quartermaster Sergeant in addition.

(b) *I. T. F. Provincial battalions—*

(i) Higher scale (9 units) 1 Indian officer per company.
1 Indian n. c. o. per platoon.

(ii) Lower scale (9 units) . 1 Indian officer per 2 companies.
1 Indian n. c. o. per 2 platoons.

(c) *I. T. F. Urban units—*

1 Battalion Havildar Major.

1 Company Havildar Major per company.

(d) *U. T. C. units—*

1 Staff Sergeant Instructor per company.

1 Acting Regimental Sergeant Major and 2 Staff Sergeant Instructors for 2 companies.

1 Acting Regimental Quartermaster Sergeant in addition for units of 3 or more companies.

In addition Provincial battalions of the Territorial Force bear on their strength 5 British officers seconded from their regiments.

We understand that it has been decided, as a measure of economy, to replace the permanent non-commissioned staff of the Provincial battalions by temporary staff attached for training purposes only and to reduce the number of British officers attached to Provincial battalions from 5 to 4: lieutenant-colonels who hitherto held the appointment of Administrative Commandant of these units are no longer being employed in these posts. We also understand that in certain cases departure from the normal scale of permanent staff has recently been authorised either by way of increase or decrease to suit local conditions, resulting in a net saving of 12 warrant and non-commissioned officers of the permanent staff of the Auxiliary Force.

We recommend that some further reduction should be made in the permanent staff and suggest that this should take the form of the reduction of the quartermaster sergeants where they are employed with units whose companies are at one station, small annual payments being made, if necessary, to the non-commissioned officer who does the work, if such work is exceptionally heavy*.

We also recommend that further examination should be made to see whether local conditions admit in the case of any Territorial Urban units of departure from the normal number of permanent staff on the lines referred to above in the case of the Auxiliary Force*.

10. *Equipment and Clothing.*—Equipment is maintained by units up to their actual strength; clothing and necessaries may be maintained 5 per cent. in excess of that strength. From inspection of the headquarters of certain units it seemed to us that the actual stocks in store vary, in one case the stocks appearing considerable, in another very small. We recommend that, where a unit is near a source of ordnance supply, clothing and necessaries maintained should not exceed the approximate strength of the unit.

* The cost of a quartermaster sergeant attached to the Auxiliary Force is approximately Rs. 5,000 a year: that of a permanent staff instructor of an urban unit Rs. 630 a year.

CHAPTER VII.—MILITARY ENGINEER SERVICES.

1. In our interim report we dealt in general terms with the problem of reducing the M. E. S. budget for 1932-33, reserving for further examination certain details of the expenditure on these services, including the question of staff.]

2. As regards our general recommendations we suggested in connection with expenditure on new works that "as so much has been spent on amenities and other works in the last four years and as the financial situation requires a drastic reduction of this expenditure, the amenity programme and other works' schemes must be postponed till circumstances improve, except for absolutely unavoidable construction. As for work in progress which cannot be shut down, we understand that commitments to the extent of about Rs. 88 lakhs are outstanding and we recommend that this amount should be spread over the next two years in equal instalments." We also recommended that the provision for maintenance of works and buildings should be reduced by 7½ per cent., saving 8½ lakhs, and that on this basis for new work and maintenance expenditure the net total of the M. E. S. budget in 1932-33 should not exceed Rs. 2,86,00,000 as against Rs. 3,98,98,000 in the 1931-32 Estimates. We understand that in fact the total net provision included in the draft Army Estimates for 1932-33 is Rs. 2,85,98,000; that of this sum 80 lakhs are in respect of new works, and Rs. 1,06,27,000 are in respect of maintenance of buildings, communications, etc. Of the 80 lakhs, 45 are for works already in progress, 10 are for buildings for the mechanization programme, and the balance of 25 lakhs is regarded as the minimum capital expenditure likely to be necessary for various major and minor works of an essential character, including unforeseen contingencies. We understand that eight of the ten lakhs in connection with the mechanization programme are required in 1932-33 and that it is intended to spend the remaining 2 lakhs on other M. E. S. work. We recommend that the 2 lakhs should not be spent. As we have recommended that no additions should be made to the establishment of vehicles, no further building should be necessary when once existing vehicles have been housed. We further understand that, after the 45 lakhs have been spent, only approximately the same amount will be outstanding to complete the work at present in progress, so that, unless new commitments are sanctioned, the provision for new works in the near future can be confined to the third category, viz., certain essential and unavoidable items. We accordingly repeat the recommendation contained in our interim report that as long as financial conditions require it expenditure on new works should be confined to finishing the works now in progress, and that, beyond this, fresh commitments should only be undertaken when the necessity is established clearly and beyond a doubt.

3. *Maintenance of Buildings, etc.*—As regards the expenditure included for maintenance of buildings, communications, etc., we understand that as against the figure of approximately Rs. 1,04,00,000 recommended in our interim report the sum of Rs. 1,06,27,000 has been included for 1932-33. We append to this chapter a comparative statement showing the M. E. S. budget in 1931-32, and an advance draft of that for 1932-33 as it stood at the time of our enquiry. Although the recommendation in our interim report was based on general grounds with

a view to the framing of the 1932-33 Estimates and without the opportunity of detailed consideration of the various memoranda placed before us by the Engineer-in-Chief, we refrain from altering that recommendation for 1932-33 despite the fact that we have now been able to consider the matter in greater detail. But for future years we consider that there are grounds for anticipating that reduction should be possible in the figure for maintenance of buildings, communications, etc. In the first place, with expenditure on new works down by over a crore, the supervising staff should be able to devote more attention to the expenditure on maintenance, even allowing for reductions in establishment which the military authorities contemplate or we recommend in subsequent paragraphs of this report. With more effective supervision, it should in our opinion be possible to ensure the maintenance of buildings, roads, etc., at a lower cost without letting that maintenance fall below a reasonable and economical standard. Secondly, as stated in the interim report, owing to the heavy programme of buildings in recent years the proportion of comparatively new buildings is high, and their maintenance charges are low. We understand that of buildings, the capital value of which is put at approximately 40 crores, those erected since 1925 are valued at over 14 crores and those erected between 1918 and 1925 at over 14 crores. The proportion of buildings dating back to before the war, on which the cost of maintenance might be expected to be heavy, is therefore comparatively small. Finally, the fall in prices in recent years does not seem to have been reflected fully in the estimates for maintenance services. Out of the sum of Rs. 1,06,27,000 included in the draft estimates for 1932-33 under the sub-head maintenance of buildings, communications, etc., we understand that approximately Rs. 53,00,000 are in respect of buildings: if the standard rate of $1\frac{3}{8}$ per cent. on capital value were reduced to $1\frac{1}{4}$ per cent. a saving of nearly Rs. 5,00,000 would be effected. Approximately Rs. 10,00,000 are we understand allocated to the maintenance of internal electrical fittings, the amount being arrived at by taking 8 per cent. on the capital values: a reduction from 8 per cent. to 6 per cent. would give a saving of, say, Rs. 2½ lakhs. For roads Rs. 23 lakhs are included (12,63,000 for military roads in cantonments and 10,37,000 for those outside cantonments), and a reduction of $12\frac{1}{2}$ per cent. on maintenance would mean a saving of nearly 3 lakhs. The balance of the provision under this sub-head is for the maintenance of furniture and for miscellaneous services such as the maintenance of appropriated bungalows, rifle ranges, drains, etc. So far as the miscellaneous items are concerned we understand that the expenditure in recent years has fallen short of provision by approximately a lakh and the general reasons given above for reduction in expenditure also apply. For these reasons we consider that a saving of from Rs. 1 to 2 lakhs on the miscellaneous items should be possible. To sum up, we recommend that in future years there should be a substantial reduction on the figure of approximately Rs. 1 crore 6 lakhs for maintenance of buildings, communications, etc. If the rates of reduction mentioned earlier in this paragraph are practicable, a saving of some Rs. 12 lakhs will result.

4. *Maintenance and operation of installations.*—The provision in the Budget for 1931-32 for maintenance and running of power stations and water supply amounts to the large figure of Rs. 50,98,000. In the time at our disposal we were unable to conduct a thorough investigation to satisfy ourselves whether these installations were run with the maximum of economy. In evidence the following figures were laid before us:—

Year.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.
A.—M. E. S. Generating Stations—						
Units generated	80,93,373	65,13,262	66,36,184	72,34,027	86,22,116	92,63,239
Units supplied to consumers	51,70,924	55,44,990	56,39,938	61,84,603	74,28,813	78,72,586
Working cost per unit generated—						
1. Generation only As.	3·17	2·78	2·66	2·07	1·79	1·58
2. Distribution only As.	0·28	·34	·27	·25	·21	·19
3. Total (1) and (2) As.	3·45	3·12	2·93	2·32	2·00	1·77
All-in cost per unit <i>supplied</i> As.	5·90	5·57	5·34	4·31	3·89	3·65
B.—Outside Supplies (ii)—						
Units received	21,95,485	28,96,870	35,48,138	47,44,933	61,79,748	73,41,404
Units supplied to consumers	20,10,980	27,37,274	32,59,402	42,70,433	56,33,956	67,19,571
Working cost per unit received—						
1. Paid to suppliers <i>plus</i> any M. E. S. Staff (switch or transformer) As.	3·34	3·34	3·35	3·25	3·20	3·28
2. Distribution only As.	·20	·34	·27	·32	·27	·32
3. Total (1) and (2) As.	3·54	3·68	3·62	3·57	3·47	3·60
All-in cost per unit <i>supplied</i> As.	4·57	4·96	5·00	4·98	4·71	4·78

65

It will be observed from the above figures that there has been a very satisfactory reduction in the working cost per unit generated and also in the all-in cost per unit supplied. These figures in themselves show that considerable attention has been paid to the efficient running of the generating stations and from our examination of the officers concerned, we are satisfied that considerable credit is due to the Branch for the reductions made. At the same time we were informed that the officers who supervise these Power Stations have merely a comparatively short electrical and mechanical training and cannot therefore be described as "highly technical experts". The cost of generation now appears as such a large item in the army expenditure that we consider that a further intensive investigation into the running costs might yet result in considerable economies.

5. *M. E. S. Establishment.*—Of the questions connected with the Military Engineer Services which were left over in our interim report for subsequent discussion, the most important is that of personnel. Provision for this is made under "Main Head E.—Establishment" in the Military Engineer Services portion of the Army Budget. In the 1931-32 Budget the provision stood at Rs. 64,38,000. No information is given as to the details of the staff covered by this provision and the figure itself represents the estimated net cost of personnel after taking into account certain receipts from provincial governments, etc., in respect of the supervision of work carried out for those governments by the Military Engineer Services: the amount of those receipts is not stated. This method of presenting the estimate is in our view not satisfactory, and we recommend that in future the total expenditure on personnel should be shown with a separate item of credit for receipts in respect of that personnel. Further, details of the numbers concerned should be given. We have ascertained that the gross and net figures included in the 1931-32 Budget and those in the draft Budget for 1932-33 are—

	1931-32.	1932-33.	Remarks.
	Rs.	Rs.	
Estimated gross expenditure	82,82,000	72,57,000*	*Includes a saving of Rs. 6,11,000 owing to cuts in pay.
Less receipts	18,44,000	11,52,000	
Net expenditure	64,38,000	61,05,000	

The personnel covered by the provision in 1931-32 and that proposed as the normal are, we are informed—

	Average 1931 strength.	Proposed normal strength.	
Officers—			
Extra-regimental R. E.	8	8	
Regular R. E.	162	166	
Inspectors Royal Engineer Machinery R. E. (I. A.)	8	8	
Departmental officers	24	24	
Civilian Assistant Engineers	32	19	
Officer Supervisor	3	8	} Civilian Officers.
Civilians on temporary agreement	1	1	
	2	..	
Total	240	234	
Sub-Divisional officers (Military and Civil)	226 Military. 88 Civil.	210 84	Military. Civil.
	314	294	
Do. (temporary)	21	17	
Overseers	283	309	
Do. (temporary)	211	173	
Storekeepers	60	60	
Do. (temporary)	15	12	
Clerical and Drawing establishment—			
(i) Clerks	504	501	
(ii) Draftsmen	101	100	
(i) Clerks (temporary)	810	584	
(ii) Draftsmen (temporary)	163	146	

The proposed reduction in the number and cost of establishments is due partly, we understand, to the decrease in the volume of work to be performed, partly to a proposed reorganisation. The Military Engineer Services in India are divided into districts, which correspond as far as possible to the military districts and independent brigade areas in India. Each engineer district is in the charge of a Commander, Royal Engineers (a lieutenant-colonel) who also acts as the adviser on engineer questions to the district or area commander. (The M. E. S. districts in a command are under the Chief Engineer of the command, an officer of the rank of brigadier attached to the staff of the General Officer Commanding-in-Chief.) The C. R. E. of a district is assisted by one or more officers, and in districts containing a large amount of machinery by an Inspector of Machinery; in recent years a district stores officer and a technical officer have also been included on his staff. Every district is divided into divisions each under a Garrison Engineer, and in all divisions, except those that are very small, there are one or more Assistant Garrison Engineers. The work in the division is divided among sub-divisional

officers who are either civilians or warrant or non-commissioned officers, one at least being in charge of buildings and roads, one of electrical and mechanical work and one of furniture and stores. The main features of the proposed reorganisation, we understand, are the strengthening of the powers and responsibilities of the Garrison Engineers, and the decentralization from C. R. E.'s offices to lower formations of the stores and accounts work hitherto performed there, and the simplification and reduction of such work.

While we have not had before us the full details of the proposed reorganisation which is not yet, we understand, finally sanctioned, we welcome a measure which will make for reduction in expenditure and we appreciate that the Engineer-in-Chief and those under him, who are responsible for the proposals for reorganisation, have been working on the lines of real economy in endeavouring to eliminate unnecessary work. But we are not satisfied that the reductions shown in the table given above for the cost for 1932-33 and for the normal average numbers are as great as the reduction in the volume of new and maintenance building services to be performed, the effect of the reorganisation and the present financial position call for. The net cost for 1932-33 is lower by Rs. 3.33 lakhs, but this reduction is only achieved by taking into account a saving of Rs. 6.11 lakhs due to the general cut in pay: without that, the net cost would actually have shown an increase. It has been pointed out to us that the net cost would have shown a greater saving but for the fall in receipts (Rs. 6.92 lakhs) in respect of supervision of work done for provincial governments, etc., but the question then arises whether a reduction in staff could not have been made more nearly commensurate with the reduction in work carried out for those governments. And if the gross cost of the M. E. S. establishment is taken and the savings due to cuts in pay are eliminated, the reduction is approximately 5 per cent. whereas the decrease in the gross expenditure on new works, maintenance and general charges is over 30 per cent. It is true that the full effect of the proposed reduction in establishment will not be obtained in 1932-33, but even if this is allowed for the reduction would, we understand, be well under 10 per cent. An examination of the numbers proposed as the future normal establishment similarly suggests that further reductions are warranted. As regards officers, the net reduction is from 240 to 234*, a figure still actually higher than that considered by the Inchcape Committee to be excessive. The figure 234 includes 3 officers hitherto charged to other heads, so that the real reduction is 9 officers and it has further been represented to us that 10 additional R. E. officers had been recently sanctioned by the Government of India but are not now to be employed. We recognise these facts. But we understand that the additional 10 officers had been sanctioned in connection with the amenity programme, which we recommended in our interim report should be suspended, and we believe that the authority for certain officers of the present establishment was also continued in connection with that programme. Moreover the reductions proposed are mainly of stores officers, whose abolition is due to the reorganisation of the M. E. S. and not to reduction in works expenditure. For these reasons and because expenditure on new works will be reduced from Rs. 196.43 lakhs to Rs. 80 lakhs, we recommend that a reduction of 10 per cent. should be made in the 240 officers authorised in the 1931-32 Budget and that a due proportion of this reduction should be in officers of the R. E. We estimate that this would result in an ultimate saving of over Rs. 3 lakhs a year. The average cost of an R. E. officer may be put at Rs. 14,150 a year as against Rs. 10,250

* Included in this figure are 48 officers for furlough reserve and training reserve and on deputation.

for a departmental officer and Rs. 7,800 for a civilian. We should have been disposed to recommend a greater reduction but for the fact that, as stated above, we consider that endeavours should be made by increased supervision of maintenance work to decrease the cost of such work. In recommending a reduction we have not overlooked the arguments that the reduction in expenditure on new works may only be temporary and that there is a shortage of R. E. officers available on mobilization. As regards the first argument we fear that financial circumstances are hardly likely in the near future to permit a resumption of the previous standard of expenditure; as regards the second, we are of opinion that greater reliance should be placed on civilian sources for replacing the regular officers of the M. E. S. on mobilization.

As regards personnel other than officers we understand that while the temporary draftsmen and clerks are required to some extent to supplement continuously the permanent cadre, they also form a margin which fluctuates with the actual work to be done. We consider that the number of such employees must bear some direct, if not exact, relation to the amount to be spent on new works. The figure for new works has fallen by over 30 per cent. and we recommend that reductions should be made with some approximation to this decrease, in addition to the reductions which the reorganisation of M. E. S. has rendered possible. We are not able to say what precise effect this would have on the proposed normal establishment because we are not in a position to allocate the proposed reductions to the two separate causes, but we would point out that in the case of draftsmen the proposal is to reduce the temporary establishment of 163 by only some 10 per cent. (leaving the permanent establishment in addition practically untouched at 100) although few new works will be undertaken in 1932-33. We strongly recommend that a substantial reduction should be made. A reduction of 25 clerks and 25 draftsmen would save approximately Rs. 70,000 a year.

6. *Simplification of clerical work and accounts.*—As indicated above certain reductions are to be made in the staff of the M. E. S. by simplification of clerical work and of accounts. Some of us had an opportunity of examining in some detail in a Garrison Engineer's office the actual accounts documents and there seemed, *prima facie*, considerable scope for simplification. For example, bills for advances to contractors on account of work done have hitherto been supported by complete records of measurements, although this information has to be supplied with the final bill and is also available in full in the engineer's measurement book. Again, the method of recording in the accounts commitments in respect of stores is complex and involves considerable (and apparently unremunerative) clerical labour. We recommend that the examination which is already being made into the possibility of simplifying and reducing this accounts work should be pressed forward. We would also recommend that consideration should be given, if necessary in consultation with the Auditor General, to the possibility of reduction in the audit processes. We would in no way impair audit, to which we attach the utmost importance, but we are not clear whether the 100 per cent. audit which is carried out could not in the case of documents, other than the more important documents such as bills and contracts and measurement books, be reduced without detriment. If simplification and reduction in work are possible, a decrease in staff should result not only in the M. E. S. but also in the Military Accounts Department.

7. *Contracts.*—Contracts for M. E. S. services are placed by engineer officers, those for Rs. 5,000 or less requiring the sanction of a Garrison Engineer, those for over Rs. 5,000 up to Rs. 1 lakh requiring that of a C. R. E., and those above

Rs. 1 lakh being placed on the authority of a C. E. They are normally measurement contracts made on the basis of a percentage above or below schedule rates, which are maintained in the districts, though in certain straightforward cases, such as repetition work, lump sum contracts are placed. Tenders are invited from selected lists of firms, and normally the contract is given to the lowest tenderer. We discussed with the engineer authorities the possibility of extending the use of lump sum contracts, but we were advised that, generally speaking, conditions in India were not favourable to such contracts. We, therefore, make no recommendation on this point. But we consider that the schedules, on which under the present system contracts are placed, should be revised more frequently than is apparently at present the case. We found in the course of enquiry that in certain instances the schedules had not been revised for five or six years and contractors were quoting as much as 30 per cent. less than the schedule rates. While it is true, as was represented to us, that so long as there is competition, tenders would represent the prevailing market prices and therefore the full value of a fall in prices would be obtained by quotations being made at a discount on the schedule rates, it seems to us by no means certain that fluctuations in market prices would affect all items in the schedule equally. And as quotations are made on the basis of increases or decreases on the schedule as a whole, it does not necessarily follow that, if the schedule is seriously out of date, such quotations would necessarily represent the fair market rate for the actual work required. We accordingly recommend a more frequent revision of the schedules as we are of opinion that such a revision will enable much closer supervision of rates to be enforced. We also recommend that all M. E. S. contracts for over Rs. 50,000 should be made by open tender instead of by calling for tenders from selected lists of contractors. Contracts for Rs. 50,000 and under should continue to be made by calling for tenders from selected lists of contractors, but once a year advertisements should be inserted in the local press inviting firms to apply to be put on those lists.

8. *Design, Specification, etc.*—We have gathered that the standard of M. E. S. building in regard to both design and specification is high. We have been informed that this matter is under examination and that as a first step, in order to encourage immediate economy, the authorised scales are being treated as a maximum, instead of as the normal, and that in certain areas it has been decided to construct buildings on the basis of a fifteen years' life. We ascertained on our visit to the Northern Command that advantage had already been taken of the relaxation in the interpretation of the authorised scale to introduce economies of design rendered possible by local conditions and we recommend that this policy should be vigorously pursued and that the local authorities should be encouraged to effect reductions of, and economies in, the maximum scales.

9. *General Charges.*—The provision for this head of the M. E. S. budget was Rs. 22,41,000 in 1930-31, and Rs. 23,72,000 in 1931-32 and in the draft figures for 1932-33 is, we understand, Rs. 26,66,000. The head covers such items as rent of buildings, and of land, payments on account of compensation for quarters, care of vacant buildings, etc. We are informed that the upward tendency of this head is largely due to the increase in rent of bungalows for officers. The accepted policy is, we understand, to provide officers with suitable accommodation. If government buildings cannot be provided, an allowance is given, but, if that allowance is insufficient owing to high prices in a particular locality, government hires the necessary accommodation in lieu of issuing the allowance. While we make no recommendation in regard to this procedure, we draw attention to it. We have heard not a few complaints that in financial matters

government is hard on officers ; in this case there seems a certain generosity. If the allowance is more than adequate, the officer receives the benefit ; if it is inadequate, the government makes good. As regards cases where government buildings are provided, we understand that, if the accommodation is less in extent than that to which an officer is entitled, monetary compensation is granted, whether or not he hires additional accommodation, and that some 70,000 rupees a year are paid on this account. We think this procedure is open to objection in principle, and we recommend that such compensation should only be paid in those exceptional cases, if any, where additional accommodation has to be hired by the officer to supplement his quarters.

As regards the care of vacant buildings, for which Rs. 1,60,000 were included under this head in the 1931-32 budget, we have not been able to obtain full details of this expenditure. We have been informed that a considerable portion is on account of chowkidars employed to look after buildings when troops move from the hills to the plains and *vice versa*. The expenditure seems considerable and we recommend that it should be examined with a view to economy, and that, if any of it is in respect of buildings permanently empty, the question of the necessity of the retention of those buildings should be carefully considered.

10. *Loan Expenditure.*—We were asked in our terms of reference to report whether part of the expenditure on new works now charged to revenue might not as a temporary measure be charged to loan funds. We have been informed that the usual rule approved by the Government of India is that “capital expenditure, met usually from borrowed funds, is incurred with the object either of increasing concrete assets of a material character or of reducing recurring liabilities” and that further it is the general rule that the cost of departmental buildings should be charged to revenue and that only really reproductive capital outlay should be financed from loans. There are certain items of the army building programme which might reasonably be regarded as having the effect of reducing recurring liabilities, for example the provision of accommodation for officers, which will reduce hiring charges or the provision of water meters referred to in our interim report, which would reduce the present loss of water revenue. Moreover the inclusion in the military budget of items of a capital nature may give an unfair impression of the cost of the army. And further the provision of loan funds enables a programme of works to be planned and carried through more conveniently and possibly more economically than when works have to be financed from an annual budget, even though that budget is stabilized. But military policy changes, and there would be a greater risk in the case of military works than in that of civilian buildings that, before the loan by which they had been financed had been repaid, they might be found to be surplus to new requirements and from their nature or position to have little residual commercial value. At the same time the new policy might require new buildings which would themselves have to be financed either from fresh loan funds or from a revenue budget still bearing the charges of previous loans. We feel also that, when funds have to be provided from within an annual budget, there is more likely to be critical examination of the merits of a service in competition with others. What is desirable, as distinct from what is essential, may be provided from loan funds when, if the money had to be provided from revenue, it might be found possible to forego the service entirely as one which, however desirable, could not be afforded. In a time of financial stringency such as the present we consider that the balance of advantage from the point of view of economy lies in not resorting to loan expenditure.

11. *General.*—There is one general question to which we think it desirable to refer. In the army organisation the Engineer-in-Chief is not a Principal Staff Officer, nor is he directly and entirely responsible to a Principal Staff Officer. The budget for M. E. S. services is a separate head in the Estimates and we had understood during our preliminary discussions in the summer that the control of this expenditure differed from that of other army expenditure in that it was not directly under a Principal Staff Officer. Had this been the position, the matter would have required further consideration, for in our view there is no essential difference between expenditure on military works and that on other military services, and the question would have arisen whether the difference in treatment might result in any loss of administrative or financial control. But we gather from discussion with the Quartermaster General on the present occasion that so far as financial and administrative control is concerned the responsibility rests not with the Engineer-in-Chief but with the Q. M. G. precisely as it does for supply and transport and other services, except so far as the expenditure on M. E. S. personnel is concerned. We think that it would be desirable to make this position clear by incorporating the budget for Military Engineer Services as a head of the main Army Budget and showing it as under the control of the Quartermaster General. While averse from adding to the Quartermaster General's already onerous duties, we think that the ultimate general responsibility for the cost of the personnel employed on M.E.S. should rest with him, just as he accepts responsibility for the size of that engaged, *e.g.*, on supply and transport duties. In making these suggestions we do not desire in any way to detract from the full technical responsibility of the Engineer-in-Chief. But we think that it is important in principle that the ultimate financial responsibility for expenditure on army services should rest with the Principal Staff Officers ; an exception to this rule in the case of M. E. S. would be fair neither to the Principal Staff Officers nor to the Engineer-in-Chief.

APPENDIX TO CHAPTER VII.

MILITARY ENGINEER SERVICES.

Summary of Estimate.

Main Heads.	Budget Estimate, 1931-32.			Budget Estimate, 1932-33.		
	Gross expendi- ture.	Receipts.	Net expendi- ture.	Gross expendi- ture.	Receipts.	Net expendi- ture.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
A.—Works	1,96,43,000	—	1,96,43,000	80,28,000	..	80,28,000
B.—Maintenance—Build- ings, Communications, etc.	1,12,86,000	..	1,12,86,000	1,06,27,000	..	1,06,27,000
C.—Maintenance and opera- tion of installations	50,98,000	..	50,98,000	50,16,000	—	50,16,000
D.—General Charges	23,72,000	..	23,72,000	26,66,000	—	26,66,000
E.—Establishment (exclud- ing expenditure in England)	64,38,000	..	64,38,000	61,05,000	..	61,05,000
F.—Tools and plant	3,92,000	..	3,92,000	3,72,000	..	3,72,000
G.—Suspense (excluding expenditure in Eng- land)	—7,000	..	—7,000	+40,000	..	+40,000
Deduct—English cost of Stores	1,25,000	..	1,25,000	—57,000	..	—57,000
Receipts . . . . .	..	56,68,000	—56,68,000	..	46,60,000	—46,60,000
Total India	4,50,97,000	56,68,000	3,94,29,000	3,27,97,000	46,60,000	2,81,37,000
England	4,69,000	..	4,69,000	4,61,000	..	4,61,000
Exchange . . . . .	..	..	..	..	..	..
Total	4,55,66,000	56,68,000	3,93,98,000	3,32,58,000	46,60,000	2,85,98,000

(a) Includes approximately Rs. 53,00,000 in respect of buildings, Rs. 10,00,000 in respect of maintenance of internal electrical fittings, Rs. 23,00,000 in respect of roads and Rs. 20,00,000 on miscellaneous items.

CHAPTER VIII.—STAFFS OF ARMY HEADQUARTERS, COMMANDS, ETC.

1. We have been furnished with a table annexed to this chapter showing the numbers and cost of the staff of Army Headquarters, Commands, Districts and Brigades in 1914, 1922 and 1931. We have also prepared a table showing the number of officers at Army Headquarters in 1914, as they were in 1922 and 1926 before the first and second Innes reports and as they would have been under those reports, as they stood in the Army Estimates in 1931, and as we understand they will be in 1932 when the reductions proposed by the military authorities in connection with this enquiry are put into effect. We have had some difficulty in arriving at figures which correspond with those furnished to us in the first table, but we believe them to be sufficiently accurate to illustrate the general position: as staffs of Commands, Districts and Brigades were not covered by the Innes reports we have not included them in the columns relating to these reports. We would add that comparative figures over a period of years are apt to be misleading: reorganizations prevent the comparison of like with like: transfers of posts between headquarters or commands, or the inclusion of officers in the headquarters staff, who formerly carried out practically the same duties elsewhere, may swell the numbers and cost of headquarters without adding to the numbers and cost of the army as a whole. In this connection we would point out that the figures furnished to us for the present purpose differ from those incorporated in the table on page 9 of our interim report. In that table certain unseconded officers attached to the staff were not included and the figure for the staff in 1922 obtained from certain returns presented in connection with the Inchcape committee requires amendment. ●

But though the figures must be treated with reserve, and those for any particular date no doubt are capable of, or even require, explanation, if they are to be fairly interpreted, they show broadly that, although compared with 1922 the cost of the Army Budget in 1931 had fallen from 67.75 crores to Rs. 52 crores and the number of fighting troops from approximately 2,80,000 to approximately 2,47,000, the number of officers on the staff at headquarters had increased from 160 to 172 and that of officers on the local staffs from 450 to 473 and their combined costs had increased by some Rs. 20 lakhs. Even with the proposed reductions for 1932-33 the staff at Army Headquarters will not have fallen to the 1922 level and that in commands, etc., will be only just below it.

2. The supreme control and administration of the army rests with Army Headquarters. Under Army Headquarters, India is divided for purposes of military command and administration into four major areas or commands, each command being sub-divided into a certain number of districts and independent brigade areas, the total for which provision was made in 1931 being 14 districts and 4 independent brigade areas. Before the war the Army in India was divided for purposes of command and administration into two armies and ten districts. The General Officers Commanding-in-Chief of the two armies were charged with the command, inspection, training and discipline of the troops under their command but had no administrative responsibility. The reorganization after the war was, we are informed, designed to improve the system of command and distribution of troops, to obtain a proper balance between combatant and ancillary services and to maintain a machinery in

peace able to produce rapid expansion in war. It was based upon the propositions—

- (a) that no system of organization can produce good results which does not permit of close personal relations between commanders, staffs and troops: with this object in view the unit of command was restricted;
- (b) that as far as possible each commander should have his troops so concentrated as to render possible combined training for war;
- (c) that the system of administration should be such as would be readily adaptable to war conditions;
- (d) that Army Headquarters should be free to concentrate upon the larger questions of policy and administration.

3. The result of this re-organization has been to produce a machine framed with regard to logic and uniformity. Broadly speaking each branch of the staff and of the services is reproduced in miniature at the lower level; each commander at those lower levels has on his staff or attached to his staff representatives of the staffs and services serving at headquarters. Thus to take an illustration, the General Staff at Army Headquarters has its counterpart in 3 or 4 General Staff officers in each command and 2 or 3 in each independent brigade area and district and the supply and transport service at headquarters has its counterpart usually in 3 officers with each command and 2 with each independent brigade area or district. We do not question the desirability of this from the point of view of organization and efficiency. But it is undoubtedly expensive, and the question is whether under present circumstances that expense can be afforded. We would point out in this connection that although, as we understand, the introduction of the four command scheme was intended to relieve Army Headquarters of work and presumably result in reduction of staff through decentralization, Army Headquarters staffs have not in fact been substantially reduced as a result of the scheme. We feel that some substantial reduction in the expense of staffs is essential, though we have found it even more difficult than in other spheres of army expenditure to suggest the best methods of such reduction. A detailed examination of each branch of the staff at headquarters and in the commands and districts with a view to determining whether each officer is required under the present accepted organization would have been impossible in the time at our disposal. Moreover the examination of Army Headquarters in detail was carried out in 1922 and 1926 by special committees appointed solely for that purpose under Sir Charles Innes, and in connection with the present enquiry the military authorities have, we understand, scrutinized the staffs closely and have in consequence effected the reductions shown in the Table II annexed. It is to be noticed that although the Innes Committees after a detailed review of Army Headquarters branch by branch and post by post made recommendations resulting in reductions of staff, there has actually been an increase compared with the figures finally accepted by the second committee in 1926. We have been informed that the recommendations of that committee in regard to officers have been carried out, with the exception of seven posts, and the increase is therefore due partly to transfer of duties but also to the creation of new posts.

4. While we have not been able to make a detailed examination of each branch, we are equally not in a position, on such consideration as we have been able to give the matter, to suggest a drastic rebuilding of the whole machine or a complete reversion to the position as it was in 1914, when, we are

informed, the staff organization was inadequate. We should in fact have been disposed to recommend the abolition of a separate Western Command. But we understand that the command is essentially a war organization and that difficulties of communication make it undesirable to merge the Western Command in the Northern Command. We further understand that in order to secure economy it has already been decided to merge the administrative staff of the Baluchistan District into the Western Command Headquarters administrative staff. In view of the military and geographical considerations involved we refrain from recommending the absorption of the command in the Northern Command.

5. Feeling as we do that economy in the present expenditure on head-quarter staffs is essential, it would have been possible, taking these considerations into account, simply to point out the cost of the present staff organisation and to record our strong opinion that under present conditions it is greater than can be afforded. But even though we recognise that the organization of staffs is a technical matter affecting the whole machine, and therefore peculiarly a subject in which the actual method of economy may properly be left to the military authorities, we thought it fairer to suggest certain additional lines of approach for the consideration of the military authorities. We accordingly suggest for consideration whether, while leaving the framework of the machine as it stands, it might not be possible to take away some parts, not necessarily uniformly, but simply where they are not absolutely necessary to ordinary peace running.

6. It appears to us that, so far as administrative services are concerned, the pressure of work and the need for staff must be greatest at those levels in the hierarchy of command where the financial administration and the day to day work in connection with that administration lie and that it is at the other levels in the hierarchy that reductions of staff would be most possible. Financial administration, with a centralised financial budget, lies mainly at Army Headquarters and we venture to think that one of the reasons why reductions of staff at those Headquarters have not followed the creation of administrative staffs in the commands to the extent possibly anticipated, is because it has not been possible to decentralize generally financial administration. In some cases there has been decentralization to lower levels but the measure to which such decentralization has taken place varies with different services. We therefore suggest that it might be considered in relation to each administrative service at which level financial administration is least heavy and whether at such level reduction of staff in relation to that service might not be possible. In the case of the ordnance services for example, broadly speaking the financial administration is exercised practically entirely at Army Headquarters, where arrangements for provision and purchase of ordnance stores are centralized. The duties of the ordnance officers attached to the commands and districts are, we believe, mainly advisory or inspectional, and we suggest that it might be considered whether at either of these levels the ordnance representatives might not be dispensed with. We have not overlooked the fact that the D. A. D. O. S. attached to districts are responsible for inspection of equipment in possession of units, and we have had evidence of the useful work they do. But we understand that an experiment is being made of attaching to brigades warrant officers of the Indian Ordnance Department, whose duty it will be to inspect the equipment in the hands of troops and to attend boards for condemnation of equipment. If the experiment is successful, we suggest that their work under the supervision of the ordnance representatives in the commands should be sufficient to ensure that the ordnance interests at the brigade and

district level are sufficiently safeguarded, while the staff of the brigade or district commander might secure such technical advice on ordnance matters as they require either from these warrant officers or from the ordnance representatives in the command in which the brigade or district is. In the case of Supply and Transport on the other hand, although a greater part of the financial administration is centralized at Army Headquarters, there is a good deal in connection with local contracts for meat, vegetables, etc., on the supply side, and for hiring of transport on the transport side, which falls on the I. A. S. C. officers at a lower level. But this financial administration is mainly carried out in the districts and not in the commands and we understand in one command that representatives of the supply and transport services attached to the command staff—consisting of a Deputy Director of Supply and Transport Services, and two Assistant Directors—were engaged mainly in advisory and inspectional duties. In the case of supply and transport therefore it appears to us that the possibility of reduction of staff, by reducing these advisory and inspectional responsibilities, might reasonably be looked for at the command level. It must be remembered in this connection that in addition to the representatives of the Supply and Transport services in districts and at Command and Army Headquarters, there are two Inspectors, of Indian Army Service Corps Services. In the case of the Military Engineer Services there already has been considerable decentralization of financial administration and under the proposed reorganization there will be even more. It is at the level of the districts that the bulk of the financial administration is carried out, and it is accordingly the Command or Army Headquarters level at which it seems to us that reduction of staff might be aimed at; for example the link of the Chief Engineer might be dropped from the chain and for engineer services the District might be in direct touch with Army Headquarters, the staff at those Headquarters being strengthened if necessary. Or, if the effect of the new organisation is to throw the weight of the financial administration on the Garrison Engineer, rather than the Commander Royal Engineers, and to devolve from Army Headquarters to commands the general financial control, then reduction might be sought in the staff of the Commander Royal Engineers and at Army Headquarters. At present the Commander Royal Engineers in a district has two or more assistants, one at least being for works and the other for electrical and mechanical installations: the Chief Engineer in the Command has also two assistants usually one for works and one for electrical and mechanical installations in addition to special technical officers.

We have already dealt with the question of medical and veterinary and remount officers in our interim report.

7. We are well aware that, quite apart from other objections, it will be pointed out that in the case of the Northern Command in particular it is necessary to retain an organisation in peace which can be converted at once to a war basis. In that case we recommend that the Eastern and Southern Commands might be considered on the lines suggested. Although uniformity is no doubt desirable throughout the commands, the price of it may be too great, and in any case the decision to merge the administrative service of District and Command Headquarters in the Western Command is a recognition that local conditions may justify a departure from symmetrical organization. If it were possible to reduce the appointments of say 7 D. A. D. O. S. and to reduce the supply and transport and engineer staffs in the Eastern and Southern Commands we estimate that the resultant saving, allowing for corresponding decreases in subordinate staff, might be at least 6 lakhs a year.

8. Apart from the number of officers, it seems to us that at Army Headquarters in particular the grading of officers generally is on the high side. Thus in the General Staff Branch the proportions are 5 G. S. Os. 1 to 12 G. S. Os. 2 and 13 G. S. Os. 3: in the Adjutant General's Branch practically all the officers are graded as Deputy Assistant Adjutants General or higher (there is only one Staff Captain employed): in the Supply and Transport Directorate under the Quartermaster General there are four Deputy Directors while of the two officers in the Directorate of Remounts one is graded as a Director and the other as a Deputy Director; in the Master General of Ordnance Branch there are two Deputy Directors under the Director of Artillery. We recommend that all gradings be examined with a view to reduction.

9. As regards the subordinate staff, that at Army Headquarters has been the subject of detailed review and report by Mr. Heseltine in 1923 and by Mr. Macdonald as recently as 1929. In the commands, if our suggestion to reduce certain classes of appointment is accepted, there will be automatically a reduction in subordinate staff. Apart from numbers, a possible field of economy lies in the substitution of Indians for British clerks. At Army Headquarters we understand that, out of a total of 832 clerks serving in the military departments, approximately 100 British soldier or ex-soldier clerks are employed, the balance being Indian clerks. The British clerks are not, as is the case in Commands, etc., on the India Unattached List, but are temporarily detached from their units and ultimately are discharged from the army and engaged as civilian clerks. We understand that except in the case of clerks of the 2nd division, where there is a difference in pay of some 40 rupees a month, the only difference in the cost of British and Indian clerks at Army Headquarters is the cost of free passages given to the former, estimated at Rs. 30 a month. It is claimed that there is need at Army Headquarters of a certain number of men who have military knowledge and are acquainted with matters concerning the discipline, environment and conditions of a soldier's life. In the circumstances we make no recommendation in the matter.

In the commands, districts, etc., British soldiers and Indian clerks are employed in approximately equal numbers. The British soldiers are either members of the India Unattached List or are temporarily detached from their units awaiting appointment in the List. The average cost of a British soldier clerk in the commands may be put at Rs. 340 a month, that of an Indian clerk at Rs. 180 a month. We recommend that for the present only 25 per cent. of the clerks employed in Commands, etc., should be British. The saving would be over Rs. 3 lakhs a year.

10. In discussing the expenditure at Army Headquarters and in Commands we would refer to one item which, if it is carefully watched, may yield considerable savings. In Army Estimates for 1931, Rs. 14 lakhs were included for printing and stationery. We understand that until recently there was no machinery for closely controlling this expenditure, but that such machinery has now been established under an officer of the Army Department. We have had an opportunity of discussing the question with this officer and are satisfied that he has already succeeded in making considerable savings and should be able to make still further savings in the future. We consider that this is a matter which should continue to be closely watched.

TABLE I.

Comparison of staff at Army Headquarters, Commands, Districts and Brigades.

Item.	Army Headquarters.						Commands, Districts and Brigades.					
	1914.		1922.		1931.		1914.		1922.		1931.	
	No.	Cost.	No.	Cost.	No.	Cost.	No.	Cost.	No.	Cost.	No.	Cost.
		Rs.		Rs.		Rs.		Rs.		Rs.		Rs.
Officers . . .	97	15,99,664	160	31,79,040	172	36,58,870	341	45,93,560	450	75,65,160	473	90,93,050
Clerks . . .	492	9,63,537	752	23,77,890	832	23,79,204	351	4,02,000	935	17,37,960	694	23,05,000
Office servants .	371	31,293	286	65,620	399	88,041	319	26,810	..	75,900	Included in above.	
Contingencies and miscellaneous expenditure.	..	4,43,900	..	6,03,342	..	8,37,700	..	3,38,400	..	8,35,110	..	6,94,200
Total . . .	..	30,38,394	..	62,25,892	..	69,63,815	..	53,60,770	..	1,02,14,130	..	1,20,92,250

TABLE II.

Comparison of numbers of officers at Army Headquarters, Commands, Districts and Brigades at various periods between 1914 and 1931.

	1914.	1922.	Proposed by First Innes Com- mittee.	1926.	Proposed by Second Innes Com- mittee.	1931.	Proposed by the military authorities in connec- tion with present enquiry.
Army Headquarters .	97	160	106	149	141	172	163
Commands, Districts and Brigades.	341	450	..	..	..	473	443

CHAPTER IX.—INDIA UNATTACHED LIST.

1. The India Unattached List is an organisation of departmental officers and other ranks constituted to carry out departmental and non-regimental duties of various kinds and is primarily recruited by seconding British other ranks from their regiments. Officers' appointments are filled by promotion from among the warrant officers on the List. The reason for maintaining a separate organisation is to prevent the reduction of the effective strength of regimental units caused by the practice of taking men from units for non-regimental duties without replacement.

2. The List consists of a departmental portion and a non-departmental portion. The numbers at present sanctioned for the two portions, showing the formations with which they are employed, are given below :—

Departmental India Unattached List.

	I. A. S. C.		Mily. Farms.	Army Remount Dept.	Indian Army Veterinary Corps.	Indian Army Ordnance Corps.	Military Engineer Services.	Indian Miscellaneous List.	Indian Corps of Clerks. †	Survey Section.
	Supply and Animal Transport.	Mechanical Transport.								
Departmental Officers	51*	24	5	5	..	55	32	29	18	1
Warrant Officers and Non-Commissioned Officers.	431	391	44	18	4	607 †	224	11	329	5
Students . . . . .	..	..	5	..	..	..	..	..	..	..
Unseconded temporary British Clerks	..	..	..	..	..	..	..	..	78	..

* Included 12 temporarily performing executive officers' duties.

† Includes Hill Depot Staff.

‡ Includes 21 Indian assistant storekeepers. -

Non-Departmental India Unattached List.

	I.A.O.C. Soldier Mechanics.	Permanent Staff Instructors.		T. Coy. Indian Signal Corps.	Military Detention Corps.	Miscellaneous appointments.
		A.F.I.	U.T.C.			
Acting Warrant Officers.	2	104	14	4	5	19
Non-Commissioned Officers.	..	245	31	87	8	17

3. The rates of pay and conditions of service of the members of the non-departmental portion are practically the same as those of regimental ranks, except in the case of personnel of "T" Company Indian Signal Corps when employed with the Posts and Telegraph Department, and the only inducements to join the non-departmental portion are the grant of an initial step in rank, a longer period of service, and better leave prospects.

4. The various branches of the non-departmental portion are dealt with in detail below.

The two I. A. O. C. soldier mechanics are, we are informed, men with considerable military service and, when they retire, they will not be replaced by soldiers.

We have already dealt with the men employed with the Auxiliary and Territorial Forces in another part of our report.

"T" Company of the Indian Signal Corps consists of soldiers seconded for duty with the Indian Posts and Telegraph Department, where they are trained in the civil telegraph system, so that they become conversant with the working of that system and the instruments used. They are organised in such a way that on mobilisation they can take over such portions of the civil telegraph system as it is essential to operate with military personnel. When employed in the Posts and Telegraph Department they receive from army funds the pay and allowances of their regimental rank and from civil funds they draw telegraph departmental allowances from Rs. 1-4-0 to Rs. 3-8-0 a day. We appreciate the necessity of having a nucleus of men trained in civil telegraph work immediately available on mobilization, but we consider that an endeavour should be made to obtain them at less cost. We suggest that the military authorities might consider with the Posts and Telegraph authorities the possibility of relying for mobilization on men belonging to the ordinary establishment of the Posts and Telegraph Department, with reserve liabilities for which they would receive (in addition to civil pay) reserve pay from army funds. These reservists might either be enlisted as special reservists from the Posts and Telegraph staff or enlisted as soldiers, discharged to the reserve and employed by the Posts and Telegraph Department.

The personnel of the Military Detention Corps is employed in detention barracks where British soldiers sentenced to detention undergo their sentence. From the nature of the duties it is necessary that this personnel should consist of British warrant officers and non-commissioned officers and we make no recommendation in this connection.

The miscellaneous appointments are mainly in connection with schools and establishments with which we have dealt in our interim report.

5. As regards the departmental portion of the India Unattached List the following tables give the special rates of pay drawn by the departmental officers and other ranks respectively. In addition to their pay the officers receive certain free passages on leave and the other ranks receive concessions (*e.g.*, rations, marriage allowance, accommodation, clothing, free passages, etc.) to the estimated value of Rs. 115 a month. Promotion, except in the case of the clerical and mechanical transport section, is by time. We have also summarised in tabular form information given to us as to the rates of pay, paid or proposed to be paid, to the equivalent Indian personnel.

Departmental officers (Monthly rates):

	Unmarried officers.				Married officers.					Pay and allowances while on leave in India other than privilege leave.	
	Pay of rank.	Indian Army allowance.	Lodging allowance.	Total.	Pay of rank.	Indian Army allowance.	Lodging allowance.	Marriage allowance.	Total.	Unmarried.	Married.
										Rs.	Rs.
Assistant Commissary and Lieutenant.	560	50	25	635	560	50	50	55	715	475	535
Deputy Commissary and Captain	605	60	35	700	605	60	70	90	825	525	620
Commissary and Major on promotion.	710	70	45	825	710	70	90	80	950	620	715
Commissary and Major after 8 years' commissioned service and 2 years' service as Major.	840	80	50	970	840	80	100	80	1,100	730	825

N.B.—These rates are subject to the 10 per cent. cut brought in from the 1st December 1931.

Departmental warrant and non-commissioned officers (Monthly rates).

Rank.	Pay of Rank.	Indian Army Allowance.	Total.
	Rs.	Rs.	Rs.
<i>Warrant and non-commissioned officers enlisted before the 26th October 1925.</i>			
Serjeant	200	20	220
Staff Serjeant	250	30	280
Sub-Conductor	340	40	380
Conductor	370	50	420
<i>Warrant and non-commissioned officers enlisted on or after the 26th October 1925.</i>			
Serjeant	190	20	210
Staff Serjeant	220	30	250
Sub-Conductor	295	40	335
Conductor	320	50	370

N.B.—The rates for those who enlisted before the 26th October 1925 are subject to the 10 per cent. cut brought in from the 1st December 1931.

PAY OF EQUIVALENT INDIAN PERSONNEL.*Military Engineer Services—*

Rs. a month.

Furniture and Stores Branch—

Civilian Overseers to replace B. O. Rs.	60—5—150
Civilian S. D. Os.—	
1st to 11th year	150—10—250
12th to 17th year	280—20/2—320
18th year	350
19th to 25th year and thereafter	375—25/2—450

*Indian Army Service Corps—**(Supplies)—*

Indian officers who replace B. O. Rs.—

Jemadar	75—5—100
Risaldar	130—10—160
Risaldar Major	250

Plus Rs. 213-8-0 per annum on account of concessions.

*Indian Army Ordnance Corps—**Assistant Storekeepers and Storekeepers—*

During the probationary period of 12 months	100
(i) On confirmation: Assistant Storekeeper, Lower Division	120—6—150
(ii) Assistant Storekeeper, Upper Division	160—10—250
(iii) Storekeeper, Lower Division	260—15—350
(iv) Storekeeper, Upper Division	375—25—450

Military Farms Department—

	Pay of Rank.	Staff or Depart- mental Pay.	Charge Allowance.
	Rs. a month.	Rs. a month.	Rs. a month.
Risaldar	115—10—145	50—10—90	20—100 (according to importance of charge held).
Risaldar Major.	250	100—10—150	Ditto.

*Indian Corps of Clerks—**(Indian Wing)—*

Lower Division	50—4—90—3—120
Upper Division	100—7½—250
Selection Division	250—10—300

It will be seen from the above tables that there is a very definite economy in the employment of Indian personnel, and it is to secure this economy that in general we have recommended in other parts of our report and recommend, in broad terms here, their substitution for British personnel. But it will be seen from the tables of Indian rates of pay that there are very considerable variations in the rates paid in the different branches. We recommend that these variations should be carefully scrutinised to ensure that they are justified. It is essential in order to secure the full advantages of the economies which the policy of Indianization offers that while on the one hand too high a standard of pay shall not be set, on the other hand reasonable rates should be paid in order to secure the right type of man.

As regards the scales applicable to British personnel we understand that recommendations have already been made to abolish time promotion. We consider that this should be done as soon as possible.

We have already dealt with the substitution of qualified Indians for British other ranks of the Unattached List in various establishments which we considered in our interim report. For example, recommendations on the point are contained in the sections dealing with Supply Services, Animal and Mechanical Transport Services, Veterinary and Remount Services and the Military Farms Department. In the Indian Army Ordnance Corps we have been informed that the policy has been accepted of Indianizing the supervisory staff up to 25 per cent. Recruiting for Assistant Storekeepers in place of British other ranks of the India Unattached List began in 1928 but up to the present only 21 have been appointed. There are over 650 British ranks, including departmental officers, employed in the Indian Army Ordnance Corps section of the Unattached List, of whom over 400 are employed in arsenals, mainly in connection with storekeeping duties. It has been represented to us that it is very desirable that the personnel employed on these duties should have military training and service, since they have to deal direct with troops and may be employed in the field during training and active operations. We appreciate this, but we consider that, even if it is difficult to recruit Indian non-commissioned officers with the necessary qualifications, it should be

possible to work to a considerably smaller limit of British soldiers than 75 per cent. of the establishment and we recommend that in the interests of economy at least 50 per cent. of the storekeeping establishment should be Indians. The ultimate saving of employing Indians to the extent of 50 per cent. instead of 25 per cent. of the establishment would be not less than Rs. 2½ lakhs a year.

In the case of the Military Engineer Services the personnel of the India Unattached List is employed in the Buildings and Roads Branch, the Electrical and Mechanical Branch and the Furniture and Stores Branch. There is also a civilian establishment for these branches recruited mainly from Indians. The establishments are as follows :—

	Officers.		Others.	
	Military.	Civil.	British other ranks.	Civilians.
Buildings and Roads	19	3	78	76 21 temporary.
Electrical and Mechanical	2	..	49	14
Furniture and Stores Branch	11	..	97	..

We understand that in the Buildings and Roads section it is proposed to increase the number of Assistant Engineers from 3 to 8 and that as regards subordinates the accepted policy is to employ approximately 50 per cent. Indians. In the Electrical and Mechanical branch we have been informed that there is difficulty in obtaining trained Indian personnel, and of the 14 civilians at present 6 are Europeans. In the Furniture and Stores branch we understand that it is proposed to substitute Indian civilian overseers for approximately 25 per cent. of the British personnel on the India Unattached List employed as sub-divisional officers. We recommend that in the Furniture and Stores branch the recruitment of Indian civilians should be greatly accelerated with a view to employing Indians in at least 50 per cent. of the posts in this branch at a considerable saving of expense. Even if Indian civilian sub-divisional officers were employed instead of the British personnel, there would be a saving in their substitution in 25 posts of some 60,000 rupees a year and the proposed substitution of Indian overseers in 25 posts will mean a saving of approximately Rs. 1 lakh.

Our recommendations regarding the clerical section of the Indian Corps of Clerks are contained in the part of this report which deals with the staffs of Commands, Districts and Brigades.

We understand that the members of the India Miscellaneous List are not being replaced by soldiers as their services expire and accordingly we make no recommendation in regard to them.

CHAPTER X.—ROYAL INDIAN MARINE.

1. The East India Company was authorised by the charters of Charles II and James II to maintain an armed naval force for the defence of its possessions and for the prevention of interference with its trade monopoly. This force eventually developed into the Indian Navy, which was abolished after the Indian Mutiny, all duties of a warlike character being transferred to the Royal Navy. The transport of troops and stores, with other civil duties, was relegated to a local service not subject to military law, which was first designated "The Indian Marine" and, in 1892, "The Royal Indian Marine". It was decided in 1895 that India should contribute £100,000 to the Admiralty on account of her naval defence.

In 1923 the fleet of the Royal Indian Marine consisted of three troopships, three station ships, two survey ships, one lighthouse tender in the Persian Gulf, one despatch vessel in the Persian Gulf, one training ship, one receiving ship, two river steamers, two patrol craft vessels, nine trawlers, twenty-four military launches and thirteen yardcraft. The approximate strength of the service at that time was 182 officers, 63 warrant officers and 1,248 other ranks.

With effect from the 1st April 1928, the Royal Indian Marine was re-constructed. The functions of the reorganised service in peace time are as follows:—

- (a) The training of personnel for service in war.
- (b) The services required by the Indian Government in the Indian Ocean and Persian Gulf.
- (c) The organisation of the naval defences at ports which are under the control of the Indian Government.
- (d) Survey work in the Indian Ocean.
- (e) Marine transport work for the Government of India.

The strength of the service is four sloops, two patrol craft vessels, five trawlers (including one target towing trawler), two survey ships and a depot ship, in addition to the necessary ancillary craft, with an establishment, according to the Army Budget of 1931-32, of 98 officers and 1,064 warrant officers and ratings. (In addition 23 officers are employed under, and paid by, the civil government). One-third of the appointments to the commissioned ranks is reserved for Indians possessing the necessary qualifications. Up to the present only two Indians have been appointed but others are under training. As regards other ranks, before the reorganization there was a small cadre of European and Indian boatswains but it is the intention that all vacancies in this rank should be filled by promoted ratings. The warrant and non-commissioned ranks are recruited from Indians and in order to ensure an adequate supply of recruits suitable Indian boys are being trained on H. M. I. S. "Dalhousie."

2. As stated in the Inchcape report, the expenditure on the Royal Indian Marine in 1914 was Rs. 63½ lakhs but by 1922 this figure had increased to Rs. 137 lakhs. As the result of the Inchcape Committee's recommendations and the reorganisation of the service the 1931-32 estimate stood at Rs. 69·40 lakhs.

We were informed at our visit to Bombay that proposals, by which economies might be effected, had already been submitted by the Flag Officer Commanding for the consideration of the Government of India although he did not

consider that all of them were desirable. After examining these proposals the bulk of which have, we believe, been accepted by the Government of India resulting in a saving of Rs. 2.25 lakhs, we devoted our attention to exploring those avenues of expenditure which did not appear to have come within the scope of the recommendations of the Flag Officer Commanding.

3. By far the most important point was the organisation and working of the Dockyard. In the budget estimates for 1931-32, a net allotment of Rs. 5.56 lakhs has been made for expenditure in connection with this item. A departmental committee appointed in 1925 to report on the reorganisation of the Royal Indian Marine expressed the opinion that the retention of the yard under government management was uneconomical since the yard is designed on a much larger scale, and is equipped with extensive and costly machinery capable of dealing with more work, than is required by the ships of the Royal Indian Marine. But the Committee did not advocate the sale of the dockyard. They considered that it should be leased for a period of fifteen years in the first instance, during which time the annual refit of ships should be entrusted to private firms as was the practice of the Admiralty in the case of the East Indies Squadron. Owing to the short term of the lease it was considered by experts unlikely that any company would come forward to take over the yard, and after reviewing the question it was ultimately decided by the Government of India to abandon the idea of a lease, and to retain the yard on as economical a basis as is possible.

4. The Flag Officer Commanding in the course of his evidence gave it as his considered opinion that, from a service point of view, the retention of the Dockyard was essential, as there were certain classes of repairs which no agency in India other than the Royal Indian Marine staff was able to execute. In order to work the dockyard on an economical basis he considered that every endeavour should be made to obtain outside work from other government departments and with certain reservations from private individuals. He considered it unlikely, however, that contracts would be obtained by the yard under present conditions as the overhead charges now levied precluded the Royal Indian Marine from quoting competitive rates. The Flag Officer Commanding has therefore suggested that fixed rates of 25 per cent. on labour and 15 per cent. on material should be levied as overhead charges for a period of three years on jobs executed for local governments, etc. He considered that this will tend to attract a greater volume of work which will enable the dockyard to attain its full capacity and work on an economical basis. We are advised by the Controller of Marine Accounts that these percentages are too low to cover the actual cost of overhead charges correctly debitable to the work and if adopted would result in a loss. We recommend that the accounting authorities should consider what is the minimum charge for overhead charges on work done for other government departments which would cover the actual cost attributable to such work. In this connection it should be considered, as we have recommended in the case of the ordnance factories, whether the capital value of plant, machinery and buildings is in accordance with present day values and whether any portion of that plant, machinery and buildings, at present taken into account in the calculation of depreciation charges, might not be fairly excluded as being really a reserve asset for war and not required for normal production.

5. In this connection it was represented to us that the repair and overhaul of the Persian Gulf ships of the Royal Navy (other than those of H. M. I. S. Triad for which India pays) are carried out at Colombo by a private firm and that it would be of material assistance to the dockyard if the work could

be done at Bombay. We are not aware of the reasons for sending vessels to Colombo instead of Bombay but we suggest that the matter might be reopened with the Admiralty to see whether, at any rate in some cases, use might not be made of Bombay dockyard.

6. We considered the possibility of economy by obtaining power for the dockyard from outside sources, but were informed that this is under investigation and until further statistics and information have been received it is impossible to arrive at a decision.

7. We understand that stores are held on a basis which ensures that the minimum maintained is :—

- (a) Special stores obtained from England 1 year's stock.
- (b) Ordinary stores of European manufacture obtainable in
India 6 months' stock.
- (c) Stores of Indian origin procurable elsewhere than in
Bombay 6 months' stock.
- (d) Stores of Indian origin procurable in Bombay 3 months' stock.

We recommend that (a) should be reduced to 9 months', (b) and (c) to 3 months' and (d) to 1 month's stock.

CHAPTER XI.—THE ARMY DEPARTMENT.

1. Though the cost of the Army Department is not chargeable to Army Estimates we have been asked to deal with it in our report, since it is so closely connected with the main subject of our enquiry. The establishment and cost of the department as provided in 1931-32 Estimates, and as they are under proposals made by the Secretary and already put into force, are shown in the table annexed to this chapter. The reductions are of 2 officers, 2 superintendents and 8 assistants and clerks, and will result in savings estimated at over Rs. 80,000 a year. The work formerly done by the Establishment Officer is now being done by the Director of Regulations and Forms whose cost is borne on Army Estimates. We understand that the department has undertaken to reduce three more first division assistants and one second division clerk gradually by absorption, as vacancies occur.

2. As in the case of the staff of Army Headquarters and the staffs of commands, districts, etc., we have not had the time to examine in detail the appointments in the department, but we venture to submit certain observations on features in the system which appear to us to make, perhaps unavoidably, for work and consequently for expense. The Army Department is the Department of Government responsible for Army, Marine and Air Force Services. It is organised in the same way and possesses the same authority as other civil departments of Government, the portfolio being in charge of H. E. the Commander-in-Chief in his capacity as Army Member of His Excellency the Viceroy's Council. The Secretary of the Department like the Secretaries of other civil departments possesses the right of access to H. E. the Viceroy and represents the department in the Legislature while the Army Member represents the department in the Council of State.

3. The Army Department though in close touch with Army Headquarters, is entirely distinct from those Headquarters. In certain matters, *e.g.*, medals and ecclesiastical questions, it is directly responsible for actual administration; in the majority of matters the actual administration is carried out by Army Headquarters, but ministerial responsibility rests with the Army Department. From the Army Department alone can issue decisions in the name of the Government of India, and since Army Headquarters are a separate department any matter requiring a Government of India decision or any question which is under discussion in the name of the Government of India with the Home Government, Provincial Governments or other departments is referred to the Army Department, whether or not a question of principle is involved. The question is then considered by that department, which issues a letter embodying the decision or conveying the views of the Government of India. This involves the examination of each case in more or less detail and the typing, and in some cases the drafting, of the appropriate letter in the Army Department. Three sections each under an Assistant Secretary, are allotted to dealing with cases put forward by the various sections of Army Headquarters: thus one section deals with cases from the General Staff Branch and certain cases from the Adjutant General's Branch; another section deals with other cases from the Adjutant General's Branch and part of the Quartermaster General's cases and the third section deals with the remainder of the Quartermaster General's cases and the cases from the Master General of Ordnance. The department, we understand, does not exercise financial control: that is done by the Financial Adviser on behalf of the Government of India. Nor, we gather, in ordinary cases, where military and financial considerations are predominant and no question of government policy arises, does the department do more than give a formal authority to proposals agreed

to by the military authorities concerned with the concurrence of the Financial Adviser, or transmit to the Home Government or other government department the military and financial views. But the examination of cases preparatory to that formal authority and the typing of letters conveying that authority or transmitting views must necessarily involve work and staff. We appreciate that this separation of the Army Department from the Army Headquarters is inherent in the present constitution of the Government of India; we also appreciate that so long as there is that separation and so long as the Army Department is the responsible government department, in theory it must examine independently through its own staff all cases which come before it. But it seems worth examination whether either by alteration of machinery or by delegation of powers, the work of the department on its formal side could not be considerably lightened, even though such lightening might involve a departure from theoretical principles. As regards machinery we suggest, for example, that where a case is referred to the Army Department for sanction, the sanction need not be embodied in a formal letter but merely recorded on the file which would be returned to Army Headquarters to issue the necessary instructions; or, where it is a question of transmission of views to other government departments or to the Home Government on matters not involving principles or government policy, the appropriate branch of Army Headquarters might submit a letter duly prepared and typed and initialled by a responsible officer of Army Headquarters and only requiring the signature of the Secretary of the Army Department, or of his Deputy. It would be open to the Secretary (or his Deputy) to have any case examined by his own department before signature, if he thought fit, or to alter the wording, but normally that should not be necessary. This would save both examination and typing in the Army Department, and the extra work of submitting letters ready for signature which would fall on Army Headquarters would be so distributed among its many branches as not to involve any increase of staff there. As regards delegation of powers, from the specimen letters of authority which we examined there are many cases requiring Government of India's formal authority which in themselves are comparatively unimportant and for the settlement of which the real responsibility must lie with the military and financial authorities. We suggest that the position should be examined to see whether such cases could not be disposed of by delegation of suitable powers from the Government of India.

We believe that if the Army Department could be relieved of work on these lines, it should be possible to save the staff of at least one section, saving not less than, say, Rs. 50,000 a year. We do not suggest that there should be any derogation of the Army Department's powers, but only that it should be relieved of work in which the part it plays must necessarily be formal.

TABLE.

1931-32.		Future Establishment.	
Officers.	Scale of pay. Rs.	Officers.	Scale of pay. Rs.
1 Secretary	4,000	1 Secretary	4,000
1 Deputy Secretary	2,250	1 Deputy Secretary	2,250
	£30 o. s. p.		£30 o. s. p.
1 Establishment Officer	1,500—50—1,750	1 Assistant Secretary	1,630
1 Assistant Secretary	1,630	2 Assistant Secretaries	1,000—50—1,250
2 Assistant Secretaries	1,000—50—1,250		
1 Officer-in-Charge, Medal Distribution	1,000	4 Superintendents	600—40—800
6 Superintendents	600—40—800	1 Superintendent	500—40—700
1 Superintendent	500—40—700		
<u>14</u>		<u>10</u>	
Assistants and Clerks.		Assistants and Clerks.	
4 Assistants, Upper Time Scale	375—25—500	4 Assistants, Upper Time Scale	375—25—500
27 Assistants, Lower Time Scale	200—15—500	24 Assistants, Lower Time Scale	200—15—500
37 Clerks, 2nd Division	100—8—300	34 Clerks, 2nd Division	100—8—300
17 Clerks, Routine Division	90—4—170	16 Clerks, Routine Division	90—4—170
1 Puncher	70		
2 Stenographers	175—12½—375—15—450—25—500	2 Stenographers	175—12½—375—15—450—25—500
1 Stenographer	175—12½—375	1 Stenographer	175—12½—375
1 Compiler, Indian Army List	300—25—500	1 Compiler, Indian Army List	300—25—500
1 Assistant Compiler, Indian Army List	170—12—350	1 Assistant Compiler, Indian Army List	170—12—350
1 Draftsman	75—5—150	1 Draftsman	75—5—150
1 Sanitary Overseer and Fire Clerk	150—5—200	1 Sanitary Overseer and Fire Clerk	150—5—200
<u>93</u>		<u>85</u>	
Total Cost Rs. 6,81,000		Total Cost Rs. 5,77,830	

CHAPTER XII.—MISCELLANEOUS.

We offer the following observations on certain points reserved for consideration in our interim report in subjects which were generally covered by that report.

(a) *Central Purchase System and Purchase through the Indian Stores Department (Interim Report, page 29, paragraph 7).*—We regret that we have not been able in the time at our disposal to arrive at definite conclusions in regard to the Central Purchase Scheme and the extent to which the Indian Stores Department should purchase on behalf of the army. These questions involve a prolonged examination of details which we have not had the opportunity of carrying out, and we should also have desired to take evidence from outside sources before reaching definite decisions. We therefore suggest that there should be a special enquiry into these matters. But we offer the following observations on them. As regards the purchase of ghi and grain under the central purchase scheme, the system differs from that ordinarily employed for the purchase of commodities for the army in that purchase is made, not by competitive tender, but through agents who are paid a commission on the quantity purchased. As a criterion of the prices paid, the Director of Contracts watches closely the market prices quoted by the newspapers and also ascertains the market rates from local government officials and chambers of commerce. But judging from the figures for a given month furnished to us by the Director of Contracts the discrepancy between these figures and the prices paid for army purchases is so great that the former would not appear to afford a very applicable criterion. In any future enquiry therefore it will need consideration whether any other data are available by which to confirm that the present system is more advantageous and desirable than that of competitive tenders. In making this comment we would emphasize that we do not in any way reflect on the way in which the present purchasing agents are carrying out their duties. As regards purchases through the Indian Stores Department considerations other than those of price enter into the question. For example military considerations may make it desirable that the purchasing agency for the army should be part of the military machine, while on the other hand the fostering of Indian products, which is a matter of both national and military importance, may possibly be most readily achieved by the Indian Stores Department. But on the question of price we suggest that any future enquiry may be facilitated if some independent authority, such as the audit authorities, examines the actual cost of purchases of similar commodities made by the Indian Stores Department and the Director of Contracts respectively over a given period and furnishes a report on the subject for use in that enquiry.

(b) *General Transport Position (Interim Report, page 36, paragraph 4).*—We understand that reports have been called for as to the possibility of reducing the total baggage carried by troops and that those reports have not yet been received, so that the military authorities have not been able to inform us of the result of their review of the general transport position. We are therefore in no better position to record a final recommendation than before. But our feeling that, in bulk, mechanical transport is being provided on too large a scale has been strengthened by a further report in the press to which our attention has been drawn and which runs as follows:—

“For some months past the War Office has been considering the lessons of the 1st Division practice mobilization at Aldershot in August, when experiments were made in the reduction of the amount of baggage and transport taken by an infantry division. The experiment is regarded as having been an unqualified success.

As a result the Army Council is of opinion that a considerable reduction in the baggage and transport of an infantry division in war is both possible and desirable, and revised war establishments will be issued in due course."

We therefore strongly urge that every endeavour should be made, by reducing the baggage to be carried, by encouraging the building up of a mechanical transport reserve in this country, and by scrutinizing the basis of calculation to see whether it does not include a margin which might be eliminated, to effect a really substantial decrease in the figure of Rs. 197 lakhs, shown on page 34 of our interim report as being the total cost of mechanical transport in 1931. We recommend that the enquiries now being made by the military authorities should be pressed forward, and that, if as the result of those enquiries the figure of 197 lakhs cannot be reduced by 20 per cent., the military authorities should be asked to report to Government how such a reduction could be achieved and what would be its effect on the army's efficiency and its preparedness for war.

(c) *Mechanical Transport Stores (Interim Report, page 38, paragraph 6).*— We have been informed that the basis of holding stocks of mechanical transport stores and spare parts used to be 9 months' peace stocks and 9 months' mobilisation stocks plus 2 months' stocks with units, making in all 20 months' stock.

Recently a departmental committee has been considering the complete stock position and has suggested a formula for basing calculations of stocks which will result in considerable reductions of stocks compared with the previous method. The essential feature of the formula is that the quantity of stocks to be held is calculated in a definite relation to the time it takes to obtain stocks from England. That time is at present reckoned as 6 months and the formula provides that at no time shall the stocks fall below the average consumption in half that time, i.e., three months, but the normal quantity of stocks held at any one time is considerably in excess of this minimum and varies between 3 and 12 months average issues.

The following figures show the value of stocks in hand on certain dates and the half yearly issues :—

Half year ending.	Value of stocks	Value of half
	in hand. Lakhs Rs.	yearly issues Lakhs Rs.
30th June 1929	63·89	10·30
31st December 1929	63·01	13·16
30th June 1930	66·09	16·82
31st December 1930	67·53	21·53
30th June 1931	75·70	16·09

It will be seen that the value of stocks has steadily risen. We are informed that the application of the formula has not yet taken effect and the rise is partly due to the influx of stores ordered in connection with the mechanisation programme. It is proposed in future to reduce the purchase of spare parts with new vehicles by half and it is hoped by this means and by the application of the new formula to reduce the quantity of stocks held very substantially. We recommend that the policy of reducing stocks should be vigorously pursued.

At present all mechanical transport stores and spare are held at Chaklala and the requirements of units in Southern India, including the Heavy Repair Workshop at Bombay, are met by despatching stores from Chaklala. This must involve a considerable cost in transport of stores back from Chaklala to Southern India after they have already made the journey from a port to Chaklala. We understand that it is considered that this extra cost is less than that of establishing a separate store in Bombay or that of purchasing stores in the local market in Southern India in cases where they are obtainable. We think, however, it would be worth while examining the position again to ensure that there is no cheaper method of supply than the system at present in force.

(d) *Hired Transport (Interim Report, page 41).*—As regards the question of policy involved in the full use of army transport to avoid hiring charges, we were furnished at our visits to Lahore and Rawalpindi with figures showing that in one case from an expenditure on hired transport of Rs. 40,000 a reduction to Rs. 20,000 had been made by the use of Government Mechanical Transport, after allowing for the cost of petrol, oil and lubricants, and that in another case the use of Government Mechanical Transport combined with a greater efficiency of control had reduced the cost of hired transport from Rs. 1.60 lakhs in 1927-28 to Rs. 94,000 in 1930-31. We think on the whole that the balance of advantage lies in making use of the mechanical transport, which it is necessary to retain, to reduce hiring charges, provided always that Government animal transport cannot perform the duty.

(e) *Field Medical Units (Interim Report, page 61, paragraph 19).*—An examination has been made of the necessity for retaining mobilisation equipment for certain field medical units and also of the quantity of stores maintained by the medical store depots as "mobilisation reserves". We have been informed that the number of field medical units allotted to the reserve has been reduced by $12\frac{1}{2}$ and the equipment maintained has been returned to the various supply depots.

(f) *Priced Store Accounts [Interim Report, page 71, paragraph 5 (viii)].*—We are informed that the approval of the Government of India, with the concurrence of the Auditor General and the Secretary of State, has been given to the abolition of the priced store accounts maintained by the Military Accounts Department in arsenals and ordnance, clothing and supply depots. This has enabled a considerable reduction in the personnel of the Military Accounts Department to be made and will result ultimately in a saving of approximately Rs. 4,00,000 a year.

(g) *Unit Accountants (Interim Report, page 72, paragraph 5).*—As regards the necessity for two accountants in British units, some of our members have examined the accounts both at unit headquarters and in a Command Controller's office. They were satisfied that the work in a British unit was considerably greater than that in an Indian unit. But as a result of their examination we suggest that it is for consideration whether both in the Indian and the British units some simplification of work is not possible; for example enquiry might be made into the possibility of devising a pay list with a carbon and flimsy to avoid making two copies of the list in manuscript, the possibility of utilizing machines for reproducing the names and rates of pay of the men, the possibility (as we have suggested elsewhere), of reducing audit queries. These suggestions do not pretend to stereotype or exhaust the lines on which

enquiry should be made. The feeling of those of our members who saw the actual working of the system was that there was a great deal of detailed work involving much labour; possibly all the work and labour are unavoidable, but it is certainly worth examination whether there are no means of reducing them. In this connection we suggest that when next a suitable officer of the Military Accounts Department is in England he should consult the army pay and accounting authorities there whether any of the changes recently introduced in order to save staff and work could be profitably applied in India, without change in the basic Indian system. It has been suggested to us that, so long as the unit accountant system remains, reduction in work, at any rate in Indian units, would not mean a saving in staff because there is already in Indian units only one unit accountant; but it seems to us that it would not be incompatible with the system for a unit accountant to look after two or more units at the same station. In any case, if a reduction of work were possible, it might be feasible to reduce one of the accountants in the British units.

(h) *Royal Air Force Depot and Park (Interim Report, page 94, paragraph 12).*—As regards the separate existence of the Aircraft Park at Lahore and the Aircraft Depot at Karachi, some of us had the opportunity of seeing the Park at Lahore, but it was not possible to visit Karachi. We were informed that the Aircraft Park at Lahore is necessary as a distributing unit for all squadrons in the North-West Frontier Province as the Depot at Karachi is too far distant to permit of individual distribution direct to those units without involving very considerable extra expense. On the other hand it has been represented that it would be impossible to absorb the Aircraft Depot into the Aircraft Park at Lahore not only on account of the large building programme which would be involved but also because it is essential to have a depot at the port of disembarkation and it is convenient also for distributing stores to units in Baluchistan. Moreover the Aircraft Depot, apart from its functions as a stores depot, also provides for the repair and overhaul of aeroplane engines, in so far as such repair and overhaul cannot be undertaken by units. For this work British personnel are necessarily employed to a large extent and as the climate at Karachi is suitable for this personnel all the year round the work can be carried out more efficiently and economically than at Lahore. We accept the necessity for these two establishments. But at our inspection at Lahore our attention was again drawn to the separate section maintained by the Royal Air Force for the repair and overhaul of Royal Air Force motor vehicles. We referred to this point briefly in our interim report. Hitherto this section has formed part of the depot at Karachi, but arrangements are being made to transfer it to Lahore. This move will, it is anticipated, result in a saving of some Rs. 75,000 a year compared with the present arrangement, owing to the reduced cost of rail charges for vehicles sent down from the squadrons on the frontier and to economies in staff which can be made at Lahore. We agree that, compared with the previous arrangements, this is satisfactory. But we are not satisfied that the work could not be done still more economically at Chaklala by the Army Repair Shop there. To utilize Chaklala would save still further rail charges on vehicles from the frontier and should effect additional economies in staff since it should be possible in our view for Chaklala to undertake the work without additional supervisory staff. At our request a conference between the experts of the Army and the Royal Air Force has considered the possibility of concentrating the work at Chaklala. We are given to understand that there are various technical objections to the proposal and it is suggested that it is doubtful whether any economy would result. But we think that a much stronger case than has as yet been presented to us should be made against the proposal before it is abandoned.

At Lahore we were shown bodies of motor vehicles being built in the shops there, and were told that this manufacture was considerably more advantageous than the importation of bodies from England. We understand that for army vehicles bodies are built by the railway companies and recommend that enquiry should be made whether this source of supply would be cheaper than manufacture in Royal Air Force shops.

(Signed) MOHD. AKBAR HOTI.

„ SHIVDEV SINGH UBEROI.
 „ MOHAMMAD YAKUB.
 „ A. RAMASWAMI MUDALIAR.
 „ E. C. BENTHALL.
 „ F. C. BOVENSCHEN.

A. SLATER,
 Secretary.

New DELHI; }
 14th March 1932. }

~~CONFIDENTIAL~~

REPORT
(INTERIM)
OF THE
Army Sub-Committee
OF THE
Central Retrenchment Advisory
Committee
1931



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Interim report of the Army Sub-Committee of the Retrenchment Advisory Committee.

Constitution.

- (1) Diwan Bahadur T. RANGACHARIAR, C.I.E., M.L.A. (*Chairman*).
 - (2) The Hon'ble Major Nawab Sir MOHAMMAD AKBAR KHAN, K.B.E., C.I.E., *Member*.
 - (3) The Hon'ble Sardar Bahadur SHIVDEV SINGH UBEROI, *Member*.
 - (4) Maulvi Sir MOHAMMAD YAKUB, M.L.A., *Member*.
 - (5) Diwan Bahadur A. RAMASWAMI MUDALIAR, M.L.A., *Member*.
 - (6) Mr. E. C. BENTHALL, *Member*.
 - (7) Mr. F. C. BOVENSCHEN, C.B., *Member*.
- Mr. A. F. L. BRAYNE, C.I.E., I.C.S., *Secretary*.

Terms of Reference.

I. To make recommendations to the Committee for affecting forthwith of by stages all possible reductions in the public expenditure of the Government of India under review of the Sub-Committee, having regard especially to the present and prospective position of the revenue. In so far as questions of policy are concerned, these will be left for the exclusive consideration of the Government, but it will be open to the Sub-Committee to review the expenditure and to indicate the economies which can be effected if particular policies are either adopted, abandoned or modified.

II. The expenditure under review of the Sub-Committee shall be that incurred in the conduct of the Army, Royal Air Force and Royal Indian Marine administrations on their business side and they shall report :—

- (a) whether the organisation of the spending departments themselves is designed on economical lines, regard being had to the demands that may be made on them in peace and war ; and
- (b) whether the methods they employ are businesslike and calculated to secure value for the money with the expenditure of which they are entrusted.

III. They shall further examine the arrangements in force for financial control of military expenditure through the Military Finance Branch and the Military Accounts Department, and report in particular on the following points :—

- (a) the efficiency of the control by the Finance Department under the present system ;
- (b) the working of the system of a stabilised military budget ;

- (c) the extent, if any, to which the institution of the stabilised budget has impaired the control of the Finance Department ; and
- (d) the efficiency of the methods employed in bringing military expenditure to account.

The report on the term of reference No. II should include answers to the following questions :—

- (i) are staffs at Army and Royal Air Force Headquarters and in Commands and Districts excessive, regard being had to modern requirements ?
- (ii) could economy be secured by further delegation of administrative and financial authority ?
- (iii) could economy be secured by the adoption in the larger military offices of more modern methods, and/or by the employment of a less expensive clerical agency ?
- (iv) are the ancillary services maintained and worked on sound economic lines ?
- (v) are any of the ancillary services maintained in peace on scales higher than are necessary for peace requirements ? If so, does this amount to over-insurance against the risk of war ? In other words, has full account been taken of the present-day resources of India in men and material ?
- (vi) is the Army over-insured in the matter of reserve stocks of stores and manufacturing capacity ?
- (vii) are the Army Factories an economical agency for the production in peace of the goods they supply ? (This test should be applied to each Factory individually). If not, is the retention of each Factory, or retention on the present scale, essential to ensure that the extra demands entailed by war will be met adequately and in time ? Is the retention in peace of the reserve of manufacturing capacity more economical than the holding of additional reserves of manufactured stores or purchase in case of emergency ?
- (viii) could economy be secured by reducing the present scales of supply or altering the specifications of articles of equipment, clothing and other stores and supplies in cases where such reduction would not endanger the efficiency and health of the troops ?
- (ix) is the present system of kit and clothing allowance and equipment allowance sound and economical or does it stand in need of modification ?
- (x) is the purchase of stores conducted on sound economic lines ?
- (xi) could economy be secured, without detriment to efficiency, by a curtailment of movements of troops and stores and/or by reduction of tours and transfers ?
- (xii) is the present method of carrying out works through the agency of the Military Engineer Services the most economical ? If not,

could the system be modified without reducing below the essential level the reserves of personnel required in war ?

- (xiii) is any reduction possible in the numbers of non-combatant followers ?
- (xiv) could any use be made in peace of the Indian Army Reservist to secure some further return for payment made to him ?
- (xv) is any part of military expenditure of a character so abnormal and terminable that it could justifiably be financed otherwise than out of revenue ?

CHAPTER I.—INTRODUCTORY.

In view of the approaching session of the Legislature we were desired and we also consider it desirable to prepare at this stage of our proceedings an interim report for the information of the main Retrenchment Advisory Committee and, through them, of the Legislature and the Government. We propose to set forth in this report the progress which we have achieved, the conclusions at which we have already arrived and the further enquiries which we intend to pursue on various aspects of the problem before us. Though we have been able to cover a considerable portion of our wide field of enquiry since our Committee was constituted, the volume of evidence which we have collected and the complexity of our problems make it impossible for us, in so short a time, to complete entirely our examination of this first portion or to survey the whole field. Important subjects such as factory administration, the ordnance services, the organisation of the staffs at Army Headquarters and Commands and the system of financial control require much fuller investigation and, even in those subjects to which we have already devoted considerable attention, we have to await further information on certain points of detail.

2. Our Sub-Committee was constituted on the 26th May 1931 consequent upon a recommendation made by the main Retrenchment Advisory Committee that the examination of expenditure of the central Government should be divided amongst six sub-committees to be composed of members of the main Committee with the addition of one or two members selected from outside the Legislature on account of their special experience and qualifications. In our case these two members are Mr. E. C. Benthall selected on account of his wide Indian commercial experience and Mr. F. C. Bovenschen, C.B., an Assistant Secretary of the War Office, whose services have been lent for our enquiry (in a personal capacity and not representing the War Office in any way) on account of his experience of military finance and organisation. The Committee remained at full strength until the 7th of August when two of our colleagues—Mr. Benthall and Dewan Bahadur A. Ramaswami Mudaliar—were compelled to leave to attend the Round Table Conference. Our experience of the invaluable assistance which they rendered to our enquiry during the period they were with us and the results of a discussion which we held with them on the eve of their departure have made us fully sensible of the great loss which our Committee has incurred by their departure and we hope to have their assistance again by the time we propose to renew our enquiries.

3. Our terms of reference were discussed by the main Committee particularly with regard to the addition of the general terms of reference to all

Sub-Committees and it was decided that the Chairman of our Sub-Committee should settle the exact form after consultation with His Excellency the Army Member. After this consultation had been held, the terms took their present form. It will be observed that our enquiry is restricted to the administrative and business side of the Army and that the strength and organisation of the fighting services are not open to our consideration. We are sensible of the limitations thus imposed to the completeness of our enquiry inasmuch as the organisation of that side of defence administration with which we deal must largely depend upon those problems which lie outside our view. On the important general question of pay and allowances, which is responsible for so much of the expenditure on defence, we have ascertained that, while it is not open to us to take evidence, we are not precluded from examining this question and making such comments as we may wish upon the information at our disposal. It is, of course, open to us to consider the question of allowances not merged in pay—such as kit and clothing allowances—and also to deal with the pay of the ancillary services in its bearing on the question of further Indianisation.

4. As soon as our Sub-Committee was formed, the Chairman discussed with the Secretary the general lines of procedure and after further consideration the Army Department was addressed on the 5th June in a memorandum which set forth the nature of the information which our Committee desired upon the subjects assigned to its enquiry (*vide* Appendix A). Meanwhile the Chairman and Mr. Bovenschen after his arrival devoted themselves to a thorough examination of the military estimates as a result of which a preliminary general questionnaire was issued to the Army authorities (*vide* Appendix B). The Chairman further took advantage of his stay at Bangalore to avail himself of the facilities afforded him by the Army authorities to inspect during ten days various important formations at that military station. The Chairman and Dewan Bahadur A. Ramaswami Mudaliar visited the Medical Store Depot at Madras before they left for the first meeting. The first meeting of our Committee took place on the 13th July at Calcutta and lasted till the 22nd July, during which time we devoted ourselves to a study of the memoranda which had been received from the Army Department and prepared in great detail questionnaires upon Military Finance and Accounts, Animal Transport, Mechanical Transport, other transportation charges, Supplies, Remounts and Medical Services. In addition, we devoted two days to visiting the three Army Factories at Iahapore and Cossipore and one day to the oral examination of the Superintendents of those factories. We also visited other formations at Calcutta such as the military hospitals, the medical store depot and the auxiliary and territorial units. A communiqué was issued inviting suggestions for economy from the general public, but so far it has elicited a very poor response.

5. On 22nd July our Committee, with the exception of Mr. Benthall, left Calcutta for Cawnpore where we spent two days on an examination of the Harness and Saddlery Factory, the Inspection Offices, the Ordnance and Supply Depots and the Grass and Dairy Farms, and we also took certain evidence on the work of these formations. On the 27th some of our members visited the Clothing Factory at Shahjahanpur. Our Committee resumed its enquiry at full strength at Simla on 30th July, settled the future programme and prepared questionnaires on Dairy Farms, Veterinary Services, Auxiliary and

Territorial Forces and Miscellaneous Services under the Adjutant General. On 31st July we had the advantage of a discussion with the Chief of the General Staff upon important questions of policy underlying the organisation and equipment of the Army and upon conditions prevailing on the Frontier. On 1st August we took preliminary evidence on the Military Engineer Services in view of the fact that two of our colleagues would shortly be proceeding to the Round Table Conference. On the 3rd August we examined the Financial Adviser and the Military Accountant General on military finance and accounts and dealt with questionnaires on cantonment and ecclesiastical expenditure. On the 4th, 5th and 6th the Quarter-Master General, the Director of Supply and Transport and the Director of Contracts gave evidence before us on Supplies, Animal and Mechanical Transport, other transportation charges, the system of Army contracts and we also prepared a questionnaire on the Royal Air Force.

The 7th August was devoted to a general discussion in order to elicit the views of our colleagues, Messrs. Mudaliar and Benthall, particularly on matters which had already come before us, and the 8th to consideration of questionnaires on kit and clothing allowances, Army Education and Schools of Instruction. A note of the discussion on the 7th is appended. (Appendix C.)

On the 10th, 11th and 12th we examined the Director of Medical Services and the Director General of the Indian Medical Service on the Medical Services and the Medical Stores Depots and on the 12th and 13th the Quarter-Master General gave evidence on the Remount Department, Farms and Veterinary Services. On the two subsequent days we discussed with the Auditor General, the Financial Adviser and the Military Accountant General certain questions relating to financial control and the system of accounts and audit, and with the Controller of Army Factory Accounts, certain points relating to factory finance and prepared questionnaires on the Royal Indian Marine and the Military Engineer Services. The questionnaires for all heads are given in Appendix D.

On the 17th August the Chairman and another member visited certain branches of Army Headquarters to investigate the system of work and on the 18th three members visited the hill stations of Kasauli and Dagshai. On the 19th and 20th the officiating Adjutant General gave evidence on various miscellaneous subjects under his control such as Hill Moves, Rest Camps, Recruiting, etc. On the latter date also the Quarter-Master General again appeared before us to discuss the policy governing expenditure on military works. On the 22nd we discussed with the Chief Controller of the Indian Stores Department and the Director of Contracts certain important subjects bearing on the relations between these two organisations. On the 24th and 25th we took up the examination of Army Education and Schools of Instruction with the Director of Military Training and of kit and clothing allowances with the officiating Master-General of Ordnance. On the 26th the Air Officer Commanding gave evidence on the expenditure of the Royal Air Force and on the 27th we completed our list of witnesses at this stage by examining the Army Secretary and the Director of Military Lands and Cantonments on cantonment expenditure and the former on the ecclesiastical grant. From that date onwards we were engaged upon the consideration of this interim report.

6. Our examination of witnesses took the shape of eliciting further information on the replies to our questionnaires and discussion with them of various suggestions which we considered might lead to economy either at an early date or in the future. At this stage we desire to take the opportunity of expressing our high opinion of the remarkable thoroughness and efficiency which characterized the information which has been supplied to us both in the original memoranda and in the replies to our questionnaires. The Army authorities have spared no pains to furnish us, often at very short notice, with additional materials which we desired. Further we have been particularly impressed with the thorough grasp of their subjects which the witnesses displayed, and with the freedom from restraint with which they discussed all questions with us and especially with the readiness with which they undertook to consider all suggestions for economy which emerged from our discussions, in many cases even when the written replies to our original queries had offered us little encouragement.

7. At this stage of our report Mr. Bovenschen desires to draw attention to the note which he has appended to it and to emphasize that his concurrence in the general lines of the report and the particular recommendations made in it is subject to the terms of the note and the reservations it contains.

8. Before we proceed to a general consideration of the growth of expenditure on the fighting and other services we must touch briefly upon the general policy which underlies the present scales of armament and organisation of the army, which policy we had the advantage of discussing at length with the Chief of the General Staff. That policy we understand may be restated as in the resolution which was carried in the Legislative Assembly in March 1921 :—

“ That the purpose of the Army in India must be held to be the defence of India against external aggression and the maintenance of internal peace and tranquillity. To the extent to which it is necessary for India to maintain an Army for these purposes, its organisation, equipment and administration should be thoroughly up to date *and, with due regard to Indian conditions*, in accordance with the present day standards of efficiency in the British Army, so that when the Army in India has to co-operate with the British Army on any occasion, there may be no dissimilarities of organisation, etc., which would render such co-operation difficult. For any purpose other than those mentioned in the first sentence, the obligations resting on India should be no more onerous than those resting on the Self-Governing Dominions and should be undertaken subject to the same conditions as are applicable to those Dominions.”

We would add here that the second clause of the Resolution was to the following effect :—

“(b) To repudiate the assumption underlying the whole Report of the Esher Committee :—

- (1) That the administration of the Army in India cannot be considered otherwise than as part of the total armed forces of the Empire, and

(2) That the military resources of India should be developed in a manner suited to Imperial necessities.”

An amendment to this part of the resolution was moved by the Army Secretary but was negatived by the Assembly after a division.

We further understand that the accepted policy connotes not merely a defensive attitude but the power to strike readily and effectively when required, and that therefore the forces should be maintained in a complete state of readiness for action and with the full complement of ancillary services and transport on modern lines.

We have further elicited the fact that the armament and organisation are maintained on scales which are determined solely by this limited scope of action and not with reference to a wider field in areas far beyond the Indian frontier, *i.e.*, the Army is organised for Indian campaigns only. Thus while the Imperial organisation is followed, the scales of equipment are adapted to Indian conditions, *e.g.*, fewer guns and machine guns exist in fighting units than in the corresponding units at home.

We refer to this question especially because the opinion has been advanced in certain quarters that the standards adopted throughout are excessively high and that they have been determined by considerations which are the result of experience in a wider sphere of operation than that in which the Army in India is primarily intended to operate and in anticipation of responsibilities of a kind differing from those which the policy of Government contemplates.

9. While we appreciate the readiness which we have seen evinced during the course of our enquiry by many of the officers who appeared before us, to receive suggestions for economy, it is necessary that, at this stage, we should record a few impressions which the majority of us have received from a perusal of the records and from statements of witnesses. In the first place, we were struck by the great—almost revolutionary—change which has taken place in the military view since the great war. A new conception arose, after the war, widely differing from that on which the pre-war army was based, as to the proper organisation and equipment of the Army in India. The post-war view, based no doubt to some extent on the experience gained in the great struggle, was that the pre-war condition of the Army left much to be desired. In a note written by the Chief of the General Staff which has been furnished to us it is stated :—

“ Before the war the Army in India, though nominally consisting of nine divisions was, for all practical purposes, a paper army, comprising a large number of individual cavalry and infantry units, with a small proportion of artillery, engineers and pioneers. There was no signal service; peace establishments were so inadequate that to effect mobilization of war formations, internal security units had to be depleted. The ancillary services were either non-existent or undeveloped, the personnel required on mobilization having to be drawn from combatant units. There was no reliable machinery for expansion; and practically no organisation for the manufacture or provision of munitions and stores. The arms were obsolescent if not obsolete—every Indian soldier landing in France had to be

re-armed with a modern rifle on arrival—and the standard of equipment was so low that troops were at a grave disadvantage when pitted against forces equipped on a modern basis. In respect of hospital equipment and medical establishments the Army in India was markedly inferior to other armies.”

It was from this point of view, not unnatural perhaps, that the uprooting, organisation and re-organisation of the various branches of the service after the war were begun and large programmes of amenities and comforts were undertaken. Whatever the accepted policy might be as to the objects for which the Army in India is maintained, the lessons learnt in the European War must have affected the military outlook as to efficiency and preparedness and we cannot help sharing in the doubt expressed by the 1st Innes Committee of 1922 in regard to Army Headquarters, whether the Government of India appreciated to the fullest extent the financial repercussions which the schemes of organisation and re-organisation involved and whether the standard of efficiency aimed at did not involve a cost higher than the country could permanently afford. Efficiency at that time must have meant to the military administration, fresh from the experience of the great war, standards higher than those that may be considered necessary today. Immediately after emerging from the war, it was probably forgotten that any peace system which is not extravagant in establishment must necessarily be profoundly modified to meet abnormal emergencies and that the peace system can only be adequate for the ordinary purposes for which the Army in India is maintained and the normal contingencies which it may be expected to meet. In examining the growth of expenditure since 1914 we have to take note of the fact, moreover, that the Army in India before the war performed its duties satisfactorily and it may be that the experience of the great war tended to exaggerate the extent to which the re-organisation of that army was necessary to meet the changed and changing conditions it might be called upon to face within its appropriate sphere. Moreover, there are certainly policies in force in the Army, such as the definite exclusion of Indians and civilians from certain spheres of employment where they could have been employed at less cost to the state, and, in our view, without loss of efficiency, which also account for large items of expenditure. We realise that, since the first post-war re-organisation of the Army, considerable and successful efforts have been made to reduce Army expenditure, but we have to examine in the light of the considerations mentioned above whether those reductions should not be carried still further and whether normal present day Indian requirements could not be met at a cost more in accord with India's financial position.

10. We have been informed that the total strength of Army Establishment has varied as follows :—

	1914.			1922.			1931.		
	Officers.	British Other Ranks.	Others.	Officers.	British Other Ranks.	Others.	Officers.	British Other Ranks.	Others.
Fighting Services	4,896	72,882	216,355	4,246	65,805	209,116	4,200	56,199	186,389
Administrative Services ..	1,020	1,701	47,758	1,810	4,034	60,266	1,615	2,947	57,060
Manufacturing Establishments ..	56	222	1,494	71	207	2,315	78	103	2,098
Staffs	452	..	1,274	721	375	1,830	558	..	2,238
Auxiliary and Territorial Forces	60	310	430	98	393	928	160	409	17
Military Engineer Services ..	145	246	1,169	245	290	1,140	220	313	1,648
Others	32	449	888	60	115	1,100	37	92	289
Total ..	6,661	75,810	269,368	7,251	71,019	276,695	6,868	60,063	249,739

The total strength of animals for the same years is as follows :—

	1914.	1922.	1931.
Horses	27,772	36,013	30,155
Ponies	1,745	1,784	1,228
Mules	38,497	34,411	29,023
Bullocks	6,368	1,112	1,556
Camels	9,367	14,259	4,512
Elephants	15	..	..
Total ..	83,764	87,579	66,474

As regards strength of personnel, we quote the following analysis from a note by the Chief of the General Staff which has been furnished to us :—

“ As compared with 1914 the reconstituted Army (in 1920) represented a reduction in active ranks of 7,716 British and 16,191 Indian and an increase in reserve ranks of 1,365 British and 27,471 Indian. On a basis of cost, counting four reservists as the equivalent of one active soldier, this represented a net reduction of approximately 16,700. Since 1920, further reductions comprising 9,500 British and 12,500 Indian ranks have been made in the Army, against an increase of 2,200 British and 266 Indian ranks in the Air Force. The reserve has also been reduced by some 30,400 men. This represents an aggregate net reduction of 15,000 British and 28,000 Indian active ranks and of about 3,000 reservists as compared with 1914 ”.

The figures in this statement differ to some extent from those given in the table above, but do not greatly affect the appreciation of the position. At this point we would note that in the course of our enquiry we have found it often difficult to establish complete agreement between statistics supplied to us for these several years owing to the varying ways in which the figures have been compiled.

It must be recognised that the Army authorities have displayed a keen desire to reduce expenditure on the Army and it will be our duty to examine under the various heads whether the large reduction in fighting strength has resulted in a reduction in expenditure in other directions proportionate or nearly proportionate and if not, to investigate the reasons and make our comments thereon.

11. The ancillary and administrative services are maintained for the supervision and training, for housing, feeding, clothing, equipment and transport and for the maintenance of the health and general well-being of the fighting services. The table in the previous paragraph shows that the proportion of the personnel maintained in these services to the numbers of the fighting troops has increased from 19 per cent., in 1914 to 28 per cent. today and that, while the total number of fighting troops has fallen since that date by about 16 per cent., the number maintained in the administrative and ancillary services has increased by 21 per cent. Of the total cost of pay and allowances (27 crores), 37 per cent. or 10 crores is due to

administrative and ancillary services. It is to the latter services that our attention will be mainly directed under our terms of reference and these statistics are most significant. The fighting services to-day, including the Royal Air Force, are composed of about 4,450 British officers, with King's Commissions, 3,300 officers with Viceroy's Commissions, 58,000 British other ranks and 128,000 Indian other ranks, to which must be added about 21,000 followers. For these fighting troops are maintained in the services to which we now refer, about 2,800 officers with King's Commission (including lady nurses and officers of civilian superior services), 3,500 British other ranks (including departmental officers), 1,400 Indian officers, 22,000 Indian other ranks, 11,000 clerks and civilians and about 19,000 followers. Of these the administrative staff accounts for 580 officers, 460 British other ranks, 13 Indian officers, and about 2,000 clerks and followers. It will be observed that the proportion of officers with King's Commissions in these services to those in the fighting services is extraordinarily high. In the Medical services alone the sanctioned establishment includes nearly 1,100 officers and departmental officers holding King's Commissions.

12. We now proceed to a brief review of the course of military expenditure since the war for the details of which we are indebted to a very clear memorandum by the Financial Adviser, Military Finance, which has formed the starting point of our enquiry and from which we shall frequently quote.

In 1913-14 before the war the net expenditure on defence stood at Rs. 29 crores. By 1921-22 just before the Inchcape Committee held its enquiry the cost had risen to Rs. 68 crores, an increase which was attributed by that Committee to—

- (a) the general rise in prices ;
- (b) the enhanced rate of pay granted to all ranks ;
- (c) improvements in the standard of comfort and amenities of the troops ;
- (d) additions to and improvements in equipment and the adoption of a higher scale of training ;
- (e) the increase in non-effective charges.

The retrenchments enforced as a result of the examination of the Inchcape Committee and other economy measures reduced the scale of expenditure from Rs. 68 crores in 1921-22 to 54½ crores in 1927-28 despite extra expenditure on pay and allowances of officers and Lee concessions amounting in all to Rs. 60 lakhs. By that time a serious situation had arisen as it was maintained that the equipment of the Army was falling below the standards required for a modern army, and it was estimated that an expenditure of Rs. 10 crores would be required within the next few years to put the defence forces on a proper footing. At the same time the finances of the country could not contemplate such a burden and the eventual solution of the dilemma was a decision to stabilise the military budget at an annual figure of Rs. 55 crores for the next four years in the hope that at that rate of expenditure and by that period and with the consequent permission to utilise all savings they might secure by an intensive campaign of economy, the military authorities would be able to complete the programme of rehabilitation. This arrangement, we understand, lasted for the

two years 1928-29 and 1929-30. Thereafter the serious deterioration of the financial position led to modification of the arrangement and the military budget dropped to Rs. 54.2 crores in 1930-31. In the current year it has been further reduced to Rs. 52 crores. During the period of its operation a considerable advance has been made with the special programme, the expenditure including the current year's allotment being about Rs. 6.7 crores, while over Rs. 4 crores have been expended on amenity measures such as barracks and hospitals, electrification and water supply in the last four years. We shall have occasion at a later stage to deal with the question of the 'contract' budget and its implications and results.

13. Of the present budget estimate of Rs. 52 crores for the current year, Rs. 50.5 crores represent established charges and Rs. 1.5 crores provisions for new measures. Out of the total the net expenditure in England amounts to Rs. 11.8 crores, the main items being non-effective charges Rs. 4 crores, stores Rs. 2.21 crores, and capitation charges Rs. 2 crores. The total gross budget estimate is distributed amongst the various controlling authorities as follows :—

INDIA.

Gross expenditure.

					Rs. (lakhs).
Government of India	..	..	..	..	81.45
Chief of the General Staff	..	..	..	..	2,16.34
Adjutant General	..	..	..	..	21,39.26
Quartermaster General	..	..	..	..	13,00.43
Master General of Ordnance	..	..	..	..	3,17.85
Director-General, Indian Medical Service	..	..	..	..	32.30
Assistant Military Secretary	..	..	..	..	4.12
Military Secretary (Viceroy)	..	..	..	..	1.13
Military Secretary (Commander-in-Chief)	..	..	..	..	2.58
Military Accountant General	..	..	..	..	1,13.46
Establishment Officer	..	..	..	..	14.10
Army Ordnance Corps	..	..	..	..	1,20.84
<i>Unallocated</i>	..	..	..	..	14.21
				Total	<u>43,58.07</u>

ENGLAND.

Gross expenditure.

					Rs. (lakhs).
Secretary of State	..	..	..	..	10,35.36
High Commissioner	..	..	..	..	2,54.14
				Total	<u>12,89.50</u>

The amount directly administered by the four Commands is Rs. 4 crores. The expenditure on pay and allowances amounts to Rs. 27 crores under all

heads of which 17 crores are on fighting services and 10 crores on administrative and ancillary services.

14. We have been informed that of recent years the Army Budget has been increased by the inclusion of certain expenditure previously not charged to this budget, of which the main items are payments for customs duty on military stores (24 lakhs) and payments for printing and stationery (15 lakhs). The net effect of such additions and a few minor transfers from this head amounts to 38 lakhs. Further, we have been given an analysis of the main reasons which have led to a fall in the established charge, from 1927-28 (the year before the "stabilized" budget) to the present day. That decrease amounts to Rs. 372 lakhs of which the main items are :—

	Lakhs.
	Rs.
(a) Reduced pay of British troops	82
(b) Net decreases in non-effective charges	36
(c) Reduction in expenditure on Aden	13
(d) Fall in prices of stores and supplies	80
(e) Economies in rail charges and travelling expenses	39
(f) Reduction on account of specific reorganisations and retrenchments	56
(g) Other reductions attributable mainly to the effect of the intensive economy campaign (particularly in Ordnance stores and clothing)	66
Total	372

That is to say, out of the total reduction in the established charges since 1927-28 about Rs. 2,10 lakhs is due to automatic causes and about Rs. 1,62 lakhs to the direct action of the Army authorities during the course of the economy campaign.

15. We would next refer to the amenities and improvements in the standards of comfort of the troops which have been granted of recent years apart from increase in pay. From the lists forwarded to us we select the following principal items :—

- (1) Improved barrack and hospital accommodation and electric lighting amounting to over 4 crores in the last four years.
- (2) Increase of establishment of the Army Dental Corps in 1927.
- (3) A military nursing service for Indian troops sanctioned in 1926.
- (4) Appointment of female sub-assistant surgeons in important stations to attend families of Indian troops.
- (5) Anti-malarial measures since 1925.
- (6) Mosquito-proofing of several hospitals and barracks.
- (7) Improvement in rules for free furlough to British and Indian troops.
- (8) Improvements in the scale of rations for British and Indian troops.
- (9) Improvements in clothing scales, e.g., blankets, mosquito nets and in scales of furniture.
- (10) Housing schemes for factory labour.

We shall have occasion to deal with some of these new items in the course of our enquiry.

16. The gross expenditure with which we are directly concerned is as follows :—

				[In thousands of rupees.]
Administrative services	..	..	..	7,31,74
Manufacturing establishments	..	..	..	3,21,00
Staffs	..	..	..	2,16,96
Purchase of stores, etc.	..	..	..	4,87,00
Transportation, etc...	..	..	..	3,24,93
Military works	..	..	..	4,55,66
Total				25,37,29

In addition we are concerned with the major portion of the expenditure on the following :—

Marine	..	..	..	..	84,22
Auxiliary and Territorial Forces	..	..	..	..	91,03
Royal Air Force	..	..	..	..	2,22,12
Total					3,97,37

As we have already stated, there are also various allowances, amounting in all to a considerable sum which appear under the head Fighting Services, which will come under our review, *e.g.*, kit and clothing allowance, messing allowance, syce and forage allowance, miscellaneous contract and contingent allowances.

17. We will now deal with the examination which we have so far made of each of these main heads. As regards administrative services the heads of net expenditure are as follows :—

				1914.	1931.	Percentage of each to total in 1931.
Educational and Instructional Establishments	..	..	..	12,50	69,03	9.5
Army Education	..	..	..	12,16		
I. A. S. C.	..	..	..	68,34	1,89,88	26.3
Remounts	..	..	..	17,93	26,35	3.6
Army Veterinary Services	..	..	..	4,75	9,94	1.3
I. A. O. C.	..	..	..	22,22	73,74	10.2
Medical Colleges	..	..	..	91	2,97	.4
Medical Services	..	..	..	79,74	1,60,39	22.2
Military Accounts	..	..	..	30,50	1,16,25	16.1
Ecclesiastical	..	..	..	4,27	4,72	.6
Cantonments	..	..	..	13,09	16,58	2.3
Miscellaneous Services	..	..	..	10,59	49,70	6.9
Total				2,77,00	7,19,55	

While we generally show the strength of establishments for the year 1922, we have not always been able to give the figures of expenditure. We are informed that the cost accounting system was in force in that year and it would be extremely difficult to separate "cash" and "cost" figures in the accounts of that year.

CHAPTER II.—ARMY SCHOOLS OF INSTRUCTION.

The cost has varied as follows :—

1913-14.	1921-22.	1931-32.
12,50,000	34,10,000	36,14,000

The expenditure provided under this head for the current year is as follows :—

						Rs.
Physical training .. .. .	..	..	..	..	..	1,60,750
Staff College .. .. .	..	..	..	..	..	7,15,000
Small Arms School .. .. .	..	..	..	..	..	5,60,000
Equitation School .. .. .	..	..	..	..	..	2,52,000
Senior Officers' School .. .. .	..	..	..	..	..	1,83,000
Artillery School .. .. .	..	..	..	..	..	1,72,000
Tank Corps School .. .. .	..	..	..	..	..	2,21,000
Signal School .. .. .	..	..	..	..	..	1,40,000
Training grants .. .. .	..	..	..	..	..	7,56,000

The above does not take into account the heavy expenditure on travelling of students to the schools and back.

2. The total staff employed and the outturn of these schools are as follows :—

				British Officers.	British Other Ranks.	Indian personnel and other ranks.
Staff .. .. .	..	..	..	78	171	568
Outturn .. .. .	..	..	..	879	830	1,753

The total number of officers in the fighting units is about 4,000 and therefore it appears that more than one officer out of every five is under training each year in the various schools. Apart from the cost of instructional staff, the cost of travelling allowances must be very heavy and, on a moderate estimate, must amount to between 3 and 4 lakhs of rupees.

3. Here as elsewhere in the Army a high standard is aimed at and, though we are informed that the annual output of each school is determined by the actual requirements of the various units, it also appears that, in many cases, trained instructors do not continue to perform their duties for long. There is a continuous and correspondingly expensive turnover and full advantage of the training is not secured. While we do not wish to reduce the standards of training to an extent which would result in serious inefficiency in the fighting services, we are definitely of opinion that a reasonable reduction must be made under this head.

4. All but one of us therefore recommend that the Physical Training Schools and physical training supervisory staffs should be abolished, at least for

a period of years and also that the School of Equitation be similarly suspended, saving at least Rs. 4½ lakhs. The necessary training during the period of suspension should be carried out in the units concerned by staff already trained.

5. As regards other schools we make the following recommendations in matters of detail—

Staff College.—We have considered the possibility of amalgamating this college with the Staff College at Camberley but are informed that the proposal would not lead to economy. We note that there are 11 officers for this college, including a medical officer; we doubt the necessity for a separate medical officer in this college close to a large station like Quetta. The number of students is stated to be only 58 and the teaching staff would appear capable of further reduction. We therefore propose a reduction of 3 officers, including the Medical Officer. Further saving should be possible under travelling charges as we consider it excessive to allow each officer to convey at State expense two horses and a motor car to the college. The approximate saving under this school should be Rs. 60,000.

6. *Senior Officers' School.*—We have discussed with the General Staff the necessity for the retention of this school which we accept, but we think that the staff is excessive for the outturn and, with one exception, we would reduce the number of instructors to 4. The saving is estimated at Rs. 45,300.

7. As regards the Small Arms School, the Artillery School and the Tank Corps School we consider that economy should be effected by a reduction for some time by one-third of the normal number of students trained annually at these schools. This will effect a saving in travelling allowances and permit of some reduction of instructional staff at each school. In the alternative we recommend the appointment of a number of unseconded officers or retired officers on the staff in place of the present seconded staff. The approximate saving may be put at Rs. one lakh.

8. In general for all schools we recommend a reduction of the numbers of British other ranks and that Indian officers should as far as possible be appointed in the place of those who remain.

9. The annual training grant, amounting to over 7 lakhs, is utilised for expenditure on manœuvres, training camps, staff and regimental exercises and training conferences. Of this amount one lakh is a recent addition. The remaining items out of the total of Rs. 7,56,000 relate to field-firing stores, artillery target grant and assault-at-arms grant. We consider that the financial stringency necessitates a reduction of expenditure on such training and we recommend that the total provision under this sub-head be reduced by Rs. 1,56,000.

ARMY SCHOOLS OF INSTRUCTION.

Summary of Recommendations.

Recommendation.	Initial saving.	Recurring saving.	Saving next year.
	Rs.	Rs.	Rs.
* (1) Closing of Physical Training and Equitation Schools	4,00,000	4,00,000
* (2) Reduction in number of instructors at Senior Officers' School	45,000	45,000
(3) Reduction by 30% of number of students attending 3 schools	1,00,000	1,00,000
(4) Reduction of 2 instructors and medical officer at Staff College	60,000	60,000
(5) Reduction of training grants	1,56,000	1,56,000
Total	7,61,000	7,61,000

* Majority recommendation.

CHAPTER III.—ARMY EDUCATION.

1913-14.	1921-22.	1931-32.
12,16,000	27,25,000	32,89,000

The expenditure for the current year is distributed as follows :—

			Rs.
Supervising and Inspecting staff	..	..	2,63,000
Garrison, etc., Schools for British troops	..	..	11,51,000
Do. do. Indian troops	..	..	86,000
School of Education	..	..	3,46,000
Lawrence Schools (including Lovedale)	..	..	6,67,000
R. I. M. College	..	..	2,41,000
Kitchener College	..	..	1,88,000
King George's Royal Military Schools	..	..	2,16,000
Miscellaneous	..	..	3,66,000

2. As regards the cost of inspection and of the education of British and Indian troops and their children, we have been shown a statement which distributes the total expenditure as follows :—

				Rs.
British Troops	..	..	..	7,83,000
Indian Troops	..	..	..	9,08,000
Children of British soldiers	..	..	..	5,31,000

As regards Indian soldiers, it is clear that the Rs. 86,000 shewn in paragraph 1 above does not represent the whole cost as the pay and allowances of instructors, etc. in Indian units estimated at Rs. 3,62,000 is included under the head "Fighting Services". On the other hand, it is doubtful whether the cost of inspection should be divided proportionately between British and Indian troops as the whole system depends very largely on the policy governing the education of British troops, which is that they should enjoy facilities in India no less than those maintained for British troops at home.

3. The majority of our Committee think that the policy must be modified, having regard to the financial resources of the country and its inability to afford proper standards of education for its own citizens. While they recognise the obligation of the State to educate its soldiers, whether British or Indian, they think there should be a limit to the cost involved by this obligation on financial grounds and having regard to the wide-spread illiteracy which prevails throughout the country. One of our number holds that, as the Secretary of State has undertaken the responsibility of providing the same facilities for British soldiers in India as they enjoy at home, the Committee should not seek to brush aside that responsibility and, while agreeing with the main recommendations in this chapter, he is unable to agree to lowering of the present standards of education. Another draws attention to his views expressed in the note attached to this report.

4. There are 40 officers of the Army Education Corps in India of whom 14 are on the permanent Indian service and the remainder serve for 5 years. They are distributed as follows : 3 in Commands, 18 in districts and 9 at the School of Education. There are also 125 Warrant officers maintained in order to provide one corps instructor with each British unit. The British officers supervise both British and Indian education. Indian units maintain their own instructors who have been educated at the School of Education and

get extra pay. The following statement compares the state of education in British and Indian troops in 1930 (percentages to strength):—

				British.	Indian.
Uncertificated	..	..	..	1·6	60
3rd Class	..	..	..	17·3	23
2nd Class	..	..	..	63·4	15
1st Class	..	..	..	17	2·8

As regards education of British children, we were informed that about 2,500 attend Army schools and that there are some 90 children where there are no Army schools who get special grants. The number of schools is 72 and the average attendance at each 37·5. The number of school mistresses and pupil teachers is shewn as 110.

5. After full consideration of the subject, the majority of us recommend that—

- (a) the three Command appointments should be abolished,
- (b) circles of inspection should be enlarged and district inspectors reduced from 18 to 9. The question should be considered whether the civil education authorities cannot be utilised for inspection work in order to reduce further the number of A. E. C. officers. Indian troops' adult education should be inspected by the officer commanding who can, if he wishes, obtain the assistance of the remaining A. E. C. officers or civil inspectors,
- (c) the 125 Warrant officers of the A. E. C. should be reduced to 112, and smaller units and detachments should be attached to larger units for education purposes,
- (d) education of the soldier should not extend beyond the second class certificate,
- (e) as regards education of children, the annual cost of the present system is variously stated as Rs. 165 to Rs. 200 per head whereas grants given to children attending civil schools vary from Rs. 74 to Rs. 148 a head. We consider that it would effect substantial economies if the separate Army schools were abolished in stations where civil facilities exist and if allowances on the scale stated were paid instead. Where there are no European civil schools and there are 20 or more Army children, an Army school may be maintained but teaching staff should be locally engaged in India and the present system of importing European School mistresses at increased expense discontinued.

6. *School of Education, Belgaum.*—The object of this school is to train educational instructors for British and Indian troops and to give British and Indian officers such instruction as is necessary to enable them to supervise educational training in their units.

The outturn is 680 per annum distributed as follows:—

British officers	..	..	..	..	..	101
British N. C. Os.	..	..	..	..	..	155
Indian N. C. Os.	..	..	..	..	..	424

The outturn is stated to be based on the provision of one N. C. O. per squadron or company. The Chief of the General Staff has agreed that economy

is possible in regard to this school. We are informed that it is proposed to provide for 2 instructors only for each unit and to close the course for British officers. The saving is estimated at Rs. 75,000 a year. We recommend that these proposals be carried into effect without delay.

7. *Royal Indian Military College, Dehra Dun.*—This institution is intended to afford preliminary education on the lines of English Public Schools to the sons of Indian gentlemen who desire to qualify for King's Commissions in the Indian Army through Sandhurst, etc. The future of this school has been under discussion in the Sandhurst Committee. At present the cost of the school is Rs. 2,41,000, against which there are receipts of Rs. 1,50,000 from fees. The staff consists of 9 British and 7 Indian masters. We consider that the retention of the school must depend upon the solution of the Indian Sandhurst question. If it is to be retained, we recommend that it should be considered whether British masters are essential and whether the school should not be made self-supporting by reducing expenditure or increasing fees or both.

8. *King George's Royal Indian Military Schools.*—These schools exist for the purpose of affording a sound general education to the sons of Indian officers and other ranks with the object of fitting them for a career in their father's regiment or corps. There are three schools at Ajmere, Jullundur and Jhelum. The cost of the three schools is Rs. 2,16,000 less Rs. 28,000 received from parents on account of fees. Approximately 570 boys are at present being trained. We agree that these schools should be of great value to the Indian Army and we, therefore, make no recommendations.

9. *Kitchener College, Nowgong.*—This college was founded in 1929 largely out of funds subscribed by Princes and Ruling Chiefs. The college is intended to prepare Indian non-commissioned officers for promotion to Viceroy's commissioned rank and to educate them up to a higher standard than can be attained in the units. 152 students are turned out annually. We note that there is a medical officer of the I. M. S. on the staff as well as a sub-assistant surgeon. We consider that the former appointment should be abolished.

10. *The Lawrence Schools.*—These schools, four in number, were founded either by or in memory of Sir Henry Lawrence to provide a home and education in a good climate for orphans and children of British soldiers and ex-soldiers. The school at Sanawar is controlled by the Army and the others by the local Governments concerned. The Lovedale School near Ootacamund gets a subsidy from military estimates of Rs. 2,30,000. The total net cost of the four schools is Rs. 5,91,000. We consider that there is no justification for the Army continuing to support these schools from which hardly any benefit accrues to the Army and which minister largely to people merged in the general population. We recommend that the military estimates be relieved of this expenditure.

11. Under this head there is a further provision of Rs. 6,02,000 for miscellaneous expenditure. We have already referred to the chief item, namely the grant of Rs. 2,30,000 to the Lawrence School at Lovedale. We have the following comments upon other items in this head :—

- (a) The scholarships to British soldiers' children amounting to Rs. 13,000 should be discontinued.

- (b) Rewards should cease to be paid to officers serving with Indian units for passing in Indian languages. About Rs. 60,000 would thus be saved.
- (c) The question of educational assistance to Indian Unattached List ranks will be reviewed when we deal with these establishments as a whole.
- (d) No more expenditure should be incurred for the present in sending officers for language study to Japan, China, etc., thus saving Rs. 68,000.

12. It is not without considerable reluctance that the majority of our Committee have made their recommendations regarding the curtailment of the scope of education both in British and Indian units. In recommending that the liability of the State should not extend beyond the second class certificate course for the soldier they have taken into account the courses of instruction which the soldier undergoes to obtain that certificate and the knowledge which he is expected to possess and they see from the manuals of Educational Training both for the British Army and the Indian Army that they are much higher than the Primary Education Standard. The financial position of the country at the present time is very critical and at such a time and in such circumstances it is unjustifiable to impose on the State responsibility of such a high order for the education of a very small section of the population. It is the more unjustifiable in a country like India where the State has been unable to educate more than a fraction of the vast millions even up to the elementary standard. The majority of us hold that it is well known that the extent of illiteracy prevailing in the land is so great as to have been the subject of severe comment and criticism both from within and without. The literate population of India is only about 72 per thousand males and 18 per thousand females and the cost to the State per scholar comes to only Rs. 23-7-1 for the Indian population. While admitting the high value of giving secondary education to adults and vocational instruction also, the majority feel that the country is not justified in spending money on these objects in the case of soldiers alone. It is admitted that to extend the system of vocational instruction to Indian soldiers or to start regimental schools for their children cannot be thought of on account of the financial commitments involved. The wisdom of undertaking an obligation under such circumstances to impart secondary education and vocational instruction to the migratory population of British soldiers who stay in the country for an average period of 5½ years is a matter which the Government of India and the Home Government must take into serious consideration. It is on that view that the majority have recommended a revision of the policy; not because they do not attach any value to Education as such but because of the peculiar conditions of this country. It is an excellent thing to undertake such obligations when finance permits not only for soldiers but for all citizens. But the time is not yet. As regards regimental schools for children of British soldiers, it is not at all economical to run 72 schools with an average attendance of only 37·5 children and that with imported school mistresses. The average cost per child of direct charges alone comes to two hundred rupees.

SUMMARY OF RECOMMENDATIONS.

Army Education.

Recommendation.	Initial saving.	Recurring saving.	Saving in 1932-33.
	Rs.	Rs.	Rs.
* (1) Reduction of 12 Education officers in Commands and Districts	1,50,000	1,00,000
* (2) Where civil schools for European and Anglo-Indian children exist, close separate Army schools and pay allowances instead : where schools must be retained engage only a local teaching staff. Saving difficult to estimate but assume	1,00,000	50,000
(3) Reduction of students at school of Education	75,000	75,000
(4) If Dehra Dun college is retained, it should be made self-supporting	50,000	25,000
(5) Reduction of I. M. S. appointment at Kitchener College	15,000	15,000
(6) The Lawrence Schools should not be charged upon the Army Estimates	5,90,000	5,90,000
(7) Discontinue scholarships for British soldiers' children...	13,000	13,000
(8) Reduction of language awards	60,000	60,000
(9) Discontinue sending officers to foreign countries for language study	68,000	35,000
Total	11,21,000	9,63,000

* Majority recommendation.

CHAPTER IV.—GENERAL REMARKS ON THE SYSTEM OF SUPPLY AND PRODUCTION.

In dealing with those ancillary services which are responsible for the production and supply of the material required by the Army, we are obliged to base our recommendations on existing facts without reference to the changes which are likely to take place in the near future in the constitution of the Government of India in the direction of Dominion Status. In respect of these services no real analogy exists between the principles which govern the Army Administration in India and those which obtain in the United Kingdom though the former administration follows or attempts to follow the British model. In India H. E. the Army Member is saddled with very heavy responsibilities in that he is the sole military adviser and is the administrative as well as the executive head of the Army ; in which respects he has manifold duties. There are, however, activities within the sphere of Army administration for which, in the opinion of all except one of us, responsibility should be transferred from military to civil hands. We refer specially to provision and production of all material essential for the Army in peace and in war. The Esher Committee of 1920 was unanimous that these activities should be entrusted to civil control in one form or another and the Resolution of the Assembly thereon, endorsed the need for a change in policy in that direction. Despite these recommendations, these departments still remain under military control, under the Quarter-Master General and the Master-General of Ordnance. Thus military influence is predominant not only in those matters which must necessarily be determined by military considerations, *i.e.*, the specification of requirements lethal and non-lethal and the manner and place of storage and issue of current requirements or reserves, but also in regard to the actual production and provision of such requirements which do not necessarily involve military control. As long ago as 1906 it was recognised by His Majesty's Government in the United Kingdom that duties connected with supply are essentially civil in character and are likely to be efficiently and economically performed by departments under civil control. This consideration also applied in the administration of the Army Factories the personnel of which, it was agreed, should be almost entirely civilian. The creation of an agency of this character outside the army has also the merit that it relieves military officers, who have been trained at great expense for their own peculiar duties, from the supervision and performance of other duties which are not military in character. In actual fact, however, we even find that the personnel in those ancillary services employed in the supply and transport and ordnance services receive higher rates of pay than the fighting services, and we, or the majority, will have occasion to recommend, at various points in our report, that certain duties could be more economically managed than at present, if they were demilitarised, civilianised and Indianised. A change of policy is, the majority of us think, imperative. In the United Kingdom there exists a Civil Secretary of State for War responsible to Parliament who presides over the Military Council and is therefore able to bring civil and political influence to bear on the Army Council in the exercise of its collective responsibilities. In India where conditions of industrial development differ widely from those in the United Kingdom, it is surely still more desirable that the supply of army requirements should rest with those who are more conversant with India's capabilities and

better able to guide her development on the lines of the accepted policy of Government which is that India's industries should be stimulated in every possible way. The requirements of the Army for non-lethal supplies must play a considerable part in that development and even in the case of lethal supplies of all kinds the demands of the Army are closely connected with the industrial progress of the country. As we maintain, the Army must play a larger part in India in this respect than in the United Kingdom, where its requirements represent only a fraction of the country's productive power and where industries are highly organised and efficient. Therefore, it is that those of us who have long experience of the country's needs, maintain that, while the high military command should remain responsible for determining the nature of the stores required to maintain the Army in a state of efficiency and for supervision of the response to their requirements, the actual business production of these stores should be vested in civil hands, a policy which with one exception we think must necessarily lead to more economical administration. With the present predominance of military control in these spheres there is a natural tendency to employ military personnel in what most of us believe to be an unnecessarily large proportion in these ancillary services to the exclusion of civilian and Indian talent which could be employed at less cost, and with equally good results. In fact Indians are not represented, at present, either adequately or even appreciably in the higher ranks of the Army.

In a later section of the report, proposals will be found for the creation of a Superior Indian Service for Supply Depots and Stores. Similarly, in the case of factories, there is considerable scope for the employment of young Indians of good education. Even where military rank is regarded as absolutely essential suitable facilities for instruction and training of Indians should be provided. Considerable expenditure is already incurred on educational and training establishments mainly for British personnel in the Army.

It may be difficult to obtain duly qualified and educated men from amongst the existing ranks of Indian soldiers and even amongst those holding the Viceroy's Commission but this should not prevent efforts being made to attract educated young Indians, graduates and under-graduates of Arts and Engineering Colleges, who would be suitable for many of the duties performed by the ancillary services. Schools of Instruction in the Indian Army Service and Ordnance Corps should be thrown open to such recruits for preliminary training after selection, which may be made with the assistance of the Public Services Commission and, if necessary, separate examinations may be held, after the course of training is over, to enable candidates to qualify for permanent retention. When the nature of the service is such that Indians thus appointed are required for field service, appropriate provision may be made in the terms of service, as in the case of the Medical Services. These are, however, all matters of detail which would follow on the acceptance of the principle of increasing Indianisation in such services. In the development of schemes based on this principle a spirit of confidence, trust and sympathy is required and a broad outlook from those in authority. With the development of such Indian services, based upon careful selection and training, a much less costly and equally efficient agency can, the majority of us feel, be built up in the course of another ten years to replace the present costly services in many of the ancillary departments.

CHAPTER V.—INDIAN ARMY SERVICE CORPS.

Supplies.

The Corps carries out two distinct functions with separate establishments—"Supply" and "Transport". This section deals with the former.

Before the war the arrangements for the purchase and supply of articles for which the Supply and Transport Corps was responsible were largely controlled by Divisional Commanders. These articles were rations for British troops and for Indian troops in a few localities, fuel for British and Indian troops, oil for British troops, bedding and certain articles of clothing for troops and hospitals, line gear for transport animals and miscellaneous supplies (tooling utensils, lamps, basins, etc.) for troops and hospitals. Units of the Indian Army were responsible for feeding themselves and most Indian cavalry regiments also arranged for the feeding of their animals. At each principal cantonment was a supply depot in charge of an officer of the corps while at out-stations there were small depots in charge of a British or Indian subordinate. For the supply of local articles, station contracts were made by local commanders; otherwise contracts were made by Divisional Commanders either to meet the total requirements of one article in the whole division or in the case of perishable articles for separate stations in the division. The organisation was controlled by an Assistant Director of Supplies and Transport at the headquarters of the division and by a Director of Supplies and Transport at Army Headquarters with a Deputy and 2 Assistants.

In 1917 proposals were made for the change of this system for various reasons of which the principal were—

- (1) a great dislocation on transition from peace to war and absence of any scheme for expansion;
- (2) overloading of Divisional Commanders with details of supply; and
- (3) purchase in water-tight compartments instead of on a wide basis.

It was therefore proposed to centralise control over contracts and purchases, to relieve military commanders from much of the business of purchase and supply and to provide an organisation which could pass easily from a peace to a war basis. Further, the scheme proposed a more effective supervision over supplies, especially Indian rations, in the course of purchase and distribution and also aimed at preventing an increase in supply personnel owing to the acceptance by the State of the liability to supply rations to Indian troops and forage to Indian cavalry horses.

At this time the Government of India, we are informed, sought an assurance that the scheme would not involve any increase in permanent establishment or any recurring additions to expenditure, which assurance was given by the military authorities and the scheme was sanctioned on this understanding. At this period also the duties of the staff were simplified and confined almost entirely to the provision of foodstuffs and fuel. They were called upon to undertake purchase, storage and issue of rations

to all troops both British and Indian, of grains to all animals and of fuel to British and Indian troops owing to abolition of the Silladar system. Since the war, responsibility for the storage and issue of large quantities of petrol, oil and lubricants has been assumed, owing to the mechanisation of the Army and the addition of the Royal Air Force. At present also a central agency exists for the purchase of supplies in bulk such as provisions, grain, ghi, sugar, tea. Articles such as fresh meat and vegetables are purchased under local contracts subject to the control of the Quarter-Master General.

2. The present organisation is on two distinct lines. On the far side of the Indus, there is an organisation resembling a war organisation in order that personnel may be trained in war duties and that there may be as little difficulty as possible in changing to the war system rapidly on mobilisation. Four Supply Depot Companies hold supply in bulk and issue in bulk. The supplies are issued to units through the agency of District Supply Companies which contain Issue, Bakery and Butchery sections which on mobilization will go to war with the units served in peace. On this side of the Indus financial considerations since the war have led to the amalgamation of the duties of the Supply Depot and the District Supply Company. There is a District Supply Company or Independent Brigade Supply Company in each military district or Independent Brigade, the functions of which are to maintain supply depots and to receive and check indents from units and carry out necessary supply.

3. The cost of the Supply Services is Rs. 50½ lakhs for the current year and the total establishment employed is as follows:—

	British Officers.	British other ranks.	Indian Officers.	Civilians.	Followers.	Total.
1914	.. 105	315	..	561	3,033	4,014
1922	.. 194	408	73	832	3,576	5,083
1931	.. 161	373	68	751	3,175	4,528

The number of men and animals fed by the Indian Army Service Corps has been variously stated to us but the following may be accepted as the approximate figures:—

<i>Men.</i>						
	British	other ranks.	Indian other ranks and followers.	Total.		
1914	74,000	1,100	75,100
1922	70,000	172,000	242,000
1931	62,000	158,500	220,500
<i>Animals.</i>						
1914	83,000
1922	84,500
1931	66,000

From figures supplied to us, it appears that the total cost of rations supplied to the men of the Army is as follows :—

	Rs.
(a) British troops	70,90,800
(b) Indian troops	79,92,600
(c) Followers	1,60,800
	1,52,44,200

Of this amount about Rs. 80 lakhs is secured by central purchase, Rs. 63 lakhs by local purchase and about Rs. 9 lakhs by purchase abroad. In the case of animals, the cost of feeding is stated to be Rs. 36 lakhs (apart from fodder supplied by the Farms Department) of which Rs. 35 lakhs is obtained by central purchase.

For this total of Rs. 188 lakhs for food of men and animals the overhead charges may be taken as follows :—

	Rs.
Cost of running supply depots so far as it relates to food stuffs for men and animals (<i>pro rata</i>)	45,60,000
School of Cookery	37,000
Military Food Laboratory	48,000
Grain crushing depots and flour mills	1,93,000
Bakeries and Butcheries	2,43,000
Supply and Transport Directorate at A. H. Q. (say half for supply purposes)	1,50,000
Contracts Directorate (one half for food stuffs)	1,60,000
Estimated expenditure on account of rail freight	21,00,000
Share of record office, and training establishment	1,30,000
	76,21,000

To the above should be added the expenditure on account of Animal Transport, Mechanical Transport and Hired Transport incurred on the transport of food supplies in peace. We have seen no estimate of this cost but it must be a very considerable addition to the above figure.

The total cost to the State of supplying food to men and animals, apart from the cost of the food supplied, is, therefore, under the present system, remarkably high.

Assuming that such an elaborate system is necessary, a close scrutiny of the strength of establishment and of the nature of the personnel is required. Most of the superior establishment is of military status and there should be, in the opinion of the majority of us, considerable scope for economy in the directions which we have already indicated, *e.g.*, the employment of Indian personnel on much lower rates of pay.

4. The reasons given for the existence of a larger establishment now than before the war are based on the number of rations now supplied as compared with pre-war figures. Also a new service of supplying petrol and lubricants has been undertaken. On the other hand, it must not be forgotten that the Corps has been relieved of the responsibility for supply of clothing and miscellaneous supplies to troops and hospitals and also for the supply of certain transport animals and of the enumeration and registration of animals available for transport in the country, and for supervision of certain grass and dairy farms. Further, as we have stated, an assurance was given in 1917, after the liability for the supply of rations to Indian troops had been undertaken, that the scheme of reorganisation would not necessitate any addition to permanent establishment. The duties undertaken since that date are the supply of forage to Indian cavalry units and the supply of petrol, etc., but against this must be taken the fact that there has been a very considerable reduction both of units and of personnel in the fighting services since the undertaking was given. Though the establishments have decreased considerably since 1922, they are still much in excess of those in 1914 and for the reasons given above we consider that the whole question requires thorough examination.

5. In the trans-Indus area, the organisation is on a war basis and it is admitted by the military authorities that a high price is possibly being paid for preparedness for war and we are informed that an examination is in progress to see what reductions are possible. From figures given to us it appears that the organisation is approximately as follows for the two areas :—

	Officers.	B. O. Ra.	Indian ranks.	Troops.	Animals.
Cis-Indus area	103	231	2,183	187,000	44,000
Trans-Indus area.. ..	65	103	1,485	80,000	21,400

It would appear from the above that the adoption of the Cis-Indus system in the Trans-Indus area would result in considerable savings in officers and other establishment. To take officers alone, if the Cis-Indus proportion of officers to troops and animals were applied across the Indus, the number of officers required would be 45 instead of 65 at present maintained. Further, these 65 officers are required for 30 Headquarters and detachments whereas on this side of the Indus 103 suffice for 88 headquarters and detachments. We consider therefore that, with the suggested revision of system, it should be possible to make substantial reductions in the personnel engaged on supply duties and we recommend that the system be immediately revised and a reduction of at least 25 officers and corresponding numbers of other ranks effected. The savings on officers alone would amount to about Rs. 4 lakhs. We are informed that proposals for the reduction of I. A. S. C. officers at Army Headquarters, Commands, etc., are under consideration and that the savings involved would be about Rs. 1,40,000 but we have proposed much larger reductions.

6. As regards the establishment of 373 B. O. Ra. we are informed that 36 Indian officers have already been employed in the place of B. O. Ra. and that it is proposed to increase these to 70. Another scheme will employ about 40 more Indians. Direct Commissions are already open to

graduates as Indian Supply Officers and they can also be appointed as store-keepers. We are in entire accord with the policy of increasing employment of Indians in the Supply Services and the majority of us would recommend that the entire replacement of British other ranks be effected as soon as possible. The view of the majority upon the necessity for the employment of Indian personnel in a service of this kind has already been expressed and we further consider that a scheme should be evolved whereby the present officers of the service would be gradually replaced by an Indian Military Supply Service on rates of pay which, though considerably lower than the present scale, would be sufficient to attract suitable recruits who would be required to give substantial security. The personnel of such a service would of course be liable for duty in the field and be under military discipline just as Assistant Surgeons are now. For the present, therefore, we do not propose any further reductions in the number of superior officers while the proposed new service is being formed and developed, but a definite programme should be evolved which would secure the replacement of the present agency in the course of the next ten years.

7. We have examined at considerable length the system of central purchase and contracts. A great deal of information has been placed at our disposal and we have examined the Director of Contracts. We have also examined the Chief Controller of the Indian Stores Department on the relations between his Department and the Directorate of Contracts. For the present we prefer to reserve our opinion whether the central purchase system is really economical in practice and whether the present methods of purchasing grain, ghi, etc., are conducive to efficiency and economy and also whether the Indian Stores Department should be more extensively employed and the army agency reduced in size and scope of responsibility. It is not possible to come to a decision on such important questions in the time at our disposal. We have, however, after full discussion with the Quarter-Master General come to certain conclusions on points of detail in the present practice, which should be adopted as long as the present system continues :—

- (a) all contracts of Rs. 10,000 and above should be by open tender,
- (b) in all contracts provision should be clearly made that any person can quote for the whole or a portion of the quantity invited and there should be option for delivery at particular places with limitations as to minimum quantity,
- (c) all calls for tenders over Rs. 10,000 should be published in suitable vernacular as well as English papers,
- (d) lists of approved contractors should be published,
- (e) lists of accepted tenders in case of local purchase should also be published.

We are further convinced that a Board should be established to settle the terms of tender, the methods of publication and finally the acceptance of tenders in all important contracts over Rs. 20,000 in value. This Board should consist of a military member, a financial officer and a non-official, preferably a member of the legislature, to be selected by H. E. the Army Member. One of our number considers that the non-official member of the central Board should be a member of the Public Services Commission while another holds that, while all tenders should be opened and scheduled in the presence of two officials (one representative of the buying department and one representative of the finance department) the responsibility for settling the various terms of the contract and deciding on the

acceptance of the tenders must rest primarily on the buying authority (i.e., the local military authorities in local contracts, the Director of Contracts at Headquarters) and ultimately on the Commander-in-Chief. In the view of this member the responsibility should not be shared with a Board and in any case an unofficial member could not properly be associated in that responsibility. In the opinion of the majority a similar organisation should be instituted in commands and districts for local contracts over Rs. 10,000 and the selection of the members of such a Board (including one non-official) should be made by the commanding officer of the command or district area. In the view of one of our number, in the case of these local Boards too, the third member should not be a non-official but a member of the future Public Services Commission, if available, or some other independent official.

8. The Contracts Directorate consists, we are informed, of the following superior staff :—

		Pay.
		Ra.
For Purchases	.. .. One Director	2,500
	.. .. One Assistant Director	2,045
For Disposal Organisation	.. .. One Assistant Director	2,045
	.. .. One Deputy Assistant Director	1,530

All but one of us consider that these rates of pay are too high for an organisation of this character and that more suitable rates would be from Rs. 1,500 to Rs. 1,800 for the Director and from Rs. 750 to Rs. 1,200 for Assistants and Deputies.

9. We propose that enquiry should be made into the reduction of grain stocks, the substitution of coal for wood where economical, the use of soft coke and the obtaining of supplies of coal for northern and western India from the Central Provinces. As regards grain stocks, we understand that reductions giving an initial saving of Rs. 83,000 have been carried into effect and, as regards extended use of coal, proposals are under consideration which will give a recurring saving of Rs. 40,000. These questions should be further pursued. In particular, the mobilization reserves should be carefully examined and curtailed.

10. As regards the rations of British and Indian troops, we have given the question very careful consideration. The scale of the ration is based upon medical advice and it is contended that a recent exhaustive examination has shewn that the ration is in no way in excess of requirements. To this expert evidence we must yield but we would point out that the normal system of bulk supply to units does not take into account the probability that 800 men do not consume 800 standard rations every day. A system of a sliding scale was recently introduced whereby units were permitted to underdraw on certain items of the ration and to share with Government the saving thereby effected. We are informed that last year the system resulted in a saving to Government of Rs. 80,000 and to units of Rs. 2,34,000 which was mainly spent in adding variety to the soldiers' food. It would therefore appear that the bulk issue of the ration is not illiberal. We consider that, in the case of both European and Indian troops, the sliding scale system should be definitely encouraged and popularised to the advantage both of the State and the soldier. If, however, it should prove after further experience that this method is not a definite success, we would advocate the re-examination of the possibility of reductions in the bulk issue according to the number of men supplied, e.g., 780 standard rations for 800 men.

11. In another direction we are, however, able to make a recommendation for a definite saving. The British soldier's ration, is supplemented by a cash allowance of $3\frac{1}{2}$ annas a day which is used regimentally to supply him with additional food of a more varied character than the standard ration. This allowance is based on the allowance given at home, e.g., at one time it amounted to $6\frac{1}{2}$ pence at home and in India $6\frac{1}{2}$ annas. When the home rate fell to $3\frac{1}{2}$ pence, the Indian rate dropped to $3\frac{1}{2}$ annas. As the home rate is now 3 pence, we recommend that the rate in India be reduced to 3 annas in accordance with the usual practice and we also take into consideration the fact that a fall in prices has taken place in India also. This will give an annual saving of about Rs. 6 lakhs.

12. We further understand that mutton is supplied to British troops one day in the week instead of beef. We understand that this involves an extra cost of about Rs. 4 lakhs a year which would be saved if beef were supplied on the seventh day also. We understand that there is no medical objection to the proposal and that mutton is not universally popular with the troops. We recommend the adoption of the proposal to issue beef on 7 days a week except in special cases, such as the frontier, where the quality of beef is markedly inferior to mutton.

13. Large quantities of provisions and other supplies are issued on payment for the use of troops and their families. There is considerable business done in this respect as the receipts amount to Rs. 14 lakhs a year. This system of issue on payment was agreed to on the understanding that no extra expense to the State was involved therein. Prices are fixed at cost price plus duty (if leviable) plus 20 per cent. overhead charges plus Re. 1-8-0 per 100 lbs. for carriage. With the fall in prices and fall in the demand for payment issues, it requires investigation whether the present 20 per cent. for overhead charges is sufficient to guard the State against loss in this business. We recommend that a full enquiry should be made.

14. In Waziristan certain concessions are given in view of the hardships encountered in that area. These have been reviewed from time to time and the main concessions which have been in force since April 1929 are as follows :—

- (a) B. O. Rs. on consolidated rates of pay draw free rations or 12 annas a day.
- (b) Civilians paid from military funds get free rations.
- (c) Certain public followers and private followers get free rations or allowance in lieu.
- (d) Daily Messing allowance of B. O. Rs. raised to 6 annas in winter and 5 annas in summer.
- (e) Monthly Messing allowance of Indian troops Rs. 4 during winter and Re. 1-8-0 during summer instead of 10 annas.

We consider that, as over 2 years have elapsed since the last revision during which time conditions must have further improved and prices have fallen to a considerable extent, these concessions should be reviewed in the interests of economy. We suggest tentatively with reference to the list above :

- (a) a reduction of 2 annas a day ;
- (d) reduction to 5 and 4 annas respectively ;
- (e) reduction to Rs. 3 and Re. 1-4-0 respectively.

In any case we recommend that reductions be made which will secure an annual saving of one lakh in the extra cost of these concessions which we understand amounts to Rs. 5 lakhs.

15. As regards the scales of rations for animals, we are informed that these are considered by expert authorities to be only just adequate. In any case the same criticism applies here as in the case of men's rations, *e.g.*, 500 mules will not need 500 standard rations. Some savings should, we consider, be possible and we recommend that the experiment of reducing the amount and value of the ration by 5 per cent. be tried with all animals in two selected stations under careful supervision. Similarly, two units in other stations might be selected for the experiment of issuing the reduced ration to animals in one section of the unit and full ration to the others. It can thus be judged whether a saving on the ration would have a definite deleterious effect which would make it undesirable.

Summary of recommendations under Supplies

Recommendation.	Initial saving.	Recurring saving.	Saving in 1932-33.
	Rs.	Rs.	Rs.
(1) Reduction of 25 I. A. S. C. officers .. .. .	..	3,00,000	} 1,50,000
* (2) Substitution of Indian officers, etc., for British other ranks (say) .. .. .	..	1,00,000	
(3) Substitution of coal for wood and reduction of stocks of grain	83,000	40,000	40,000
(4) Reduction of daily messing allowance of British soldiers by half an anna .. .. .	..	6,00,000	6,00,000
(5) Substitution of beef for mutton .. .. .	..	3,00,000	3,00,000
(6) Reduction in Waziristan concessions .. .. .	..	1,00,000	1,00,000
(7) Reduction in rations for animals (no estimate available) .. .. .	..	..	..
Total ..	83,000	14,40,000	11,90,000]

* Majority recommendation.

**CHAPTER VI.—ANIMAL AND MECHANICAL TRANSPORT, HIRED TRANSPORT
AND OTHER ROAD AND RAIL CHARGES.**

1. The provision of transport for the Army, other than the regimental transport within units, is the responsibility of the Army Service Corps. As information furnished to us in the subjoined table shows, the volume and cost of the transport provided by the Army Service Corps have increased very heavily since 1914.

	British Officers.	British Other Ranks.	Indian Officers.	Civilians.	Indian Other Ranks and followers.	Animals or M. T. vehicles.
1914.						
Animal Transport ..	82	213	66	90	24,257	48,560
Mechanical Transport	None.					
1922.						
Animal Transport ..	78	80	199	150	19,137	23,663
Mechanical Transport (excludes G. S. Units).	182	852	29	622	5,509	2,158
Total ..	260	932	224	752	24,766	..
1931						
Animal Transport ..	72	48	147	116	14,000*	18,000
Mechanical Transport (excludes G. S. Units).	194	442	77	469	9,993*	2,025
Total ..	266	490	224	585	23,993	18,000 animals. 2,025 vehicles.

* Includes 1,804 A. T. Reservists and 3,588 M. T. reservists.

NOTE.—These figures exclude animals and mechanical transport on the establishment of other arms of the Service.

Approximate total expenditure on animal and mechanical transport in 1914 and 1931 (including cost of fodder, petrol and annual replacements) respectively.

	1914.	1931.
	Rs.	Rs.
	lakhs.	lakhs.
Animal Transport	135	100
Mechanical Transport .. .. .	..	197
Total	135	297

2. We have been informed that the following are the main general reasons for the increases since 1914. At that time "the transport of the Army in India consisted entirely of animal transport partly wheeled and partly pack. Peace establishments were kept down to the minimum and for war the Army depended on improvisation. Since the war the assumption by Government of full responsibility for feeding the Indian Army would in any case have involved a substantial expansion of the transport required in peace. But the pre-war organization, dependent as it was on improvisation, was manifestly unsatisfactory for war and could not stand any prolonged strain. When the fighting strength was reduced after the War it was recognized that the reduced force must be fully mobile and provided with better equipment. This meant a transport organisation which could not only come more speedily into action on the outbreak of war but would also be capable of carrying a greater load. The establishment of the modern transport service has therefore been fixed with regard both to present requirements in peace and the minimum organization necessary to ensure rapid expansion in an emergency". The main feature which distinguishes the present from the pre-war organization is the inclusion of a self-contained mechanical transport service with a Training Depot, Stores Depot, Inspectorate, Works, etc.

3. The transport provided by the Army Service Corps fulfils, from the military point of view, three main functions—

- (a) *First line transport* is the transport required to carry the essentials which must accompany a unit, e.g., ammunition, signalling equipment, entrenching tools, medical panniers, water and cooking pots. It is all animal transport—pack mules, animal transport carts and camels.
- (b) *Second line transport* carries the troops' baggage, one day's supplies, ammunition, etc., and works between the troops and the point at which it can be re-filled with such supplies. This transport is broadly speaking mechanical transport.
- (c) *Third line transport* conveys stores up from railhead to the refilling point at which it meets the second line transport. The policy is that this should be mechanical transport.

The transport at present maintained in peace to meet these requirements is sufficient, we have been informed, so far as animal transport is concerned, to provide broadly speaking, 1st line transport for the covering troops and field army. So far as mechanical transport is concerned, the establishment now aimed at in peace will only provide about 50% of the requirements in second and third line transport of the field army: the balance will have to be supplied from local sources on the outbreak of war. Even so the formations maintained in peace have in view mobilization requirements rather than merely peace needs. We have been informed that until this year the programme aimed at a larger percentage of mechanical transport to be held ready in peace: but the programme has been reduced, and some Rs. 45 lakhs that would otherwise have been spent will be saved. To complete the revised peace establishment however some 132 4-wheel lorries are still required.

4. With a view to determining on broad lines whether the provision now being made for transport services is on too liberal a scale, we endeavoured to form some idea of the comparative effectiveness as transporting agencies of the present animal and mechanical transport establishments and the pre-war animal transport establishment. We were accordingly furnished at our request with figures showing for 1914 and 1931 the carrying capacity in ton miles of the transport organizations existing in the two years, but closer examination has shown that it is extremely difficult, if not unsafe, to draw conclusions from statistics of this kind. Following, however, on this line of examination, we understand that the military authorities are reviewing the whole transport position to see whether any reductions can be effected. We therefore reserve our recommendations in general till we have learnt the result of this review and have had an opportunity of examining the matter further. But we would record that we understand that mechanization is not being carried further pending the review, that in our view it is a matter for careful examination whether the standard of mechanization already reached is not sufficient for all practical army purposes connected with the defence of India and that, as at present advised, we think that further mechanization should be suspended. In this connection we might mention that a recent report by the military correspondent of the *Times* suggests that in England the question is being examined whether mechanization may not be carried too far and the mobility of larger formations be impeded by the quantity of mechanical transport allotted to their component units. While, as stated above, we reserve our recommendations in general we add in the following paragraphs certain remarks and recommendations on particular features of the transport organization which have been brought to our notice in the course of our enquiry.

5. *Animal transport.*—

A. *Number of officers.*—It will be seen from the table in paragraph 1 that compared with 1914 while the number of animals has decreased from 48,560 to 18,000, over 60%, the number of officers has fallen from 82 to 72, or by 12%. We have been informed that in 1914 only one officer was allowed for a unit of 855 animals and nearly 500 men: that in 1924 a second officer was allotted to large units and that in 1930 the size of units was practically halved, one British officer being allowed for each unit, and the smallest unit consisting of 200 animals and 150 men.

We appreciate the administrative convenience of smaller units, but under present financial circumstances we think every endeavour should be made to reduce the number of officers, and while we do not recommend a reduction so great as to make the proportion of officers to animals the same as it was in 1914 we think the present establishment should be reduced from 72 to 48 [apart from any reductions which may result from the recommendations at (B) below]. We suggest that this should be achieved either by amalgamation of some of the units, or by giving command in certain cases to a suitably qualified Viceroy's Commissioned Indian Officer: this might be done, for example, where more than one unit is stationed, one of the units remaining under the

command of a British officer who would retain a general supervision over the remainder, or at other stations by giving independent charge to the Indian officer and supervising his work by inspection. In this case it might be necessary to add some additional Viceroy's Commissioned officers. We estimate that the reduction of 24 officers would normally save Rs. 3,30,000 a year reduced by Rs. 90,000 if, say, 12 additional Viceroy's Commissioned officers were required. We also recommend that B. O. Rs. in A. T. units should be replaced by educated Indians, unless in any exceptional cases the appointment of a B. O. R. should be considered essential.

B. As stated in paragraph 3 animal transport is maintained in peace sufficient to mobilize the field army : mechanical transport is not maintained on this scale. We recommend that the animal transport for a portion of the field army should be disbanded, except in so far as it is fully utilized for peace requirements and effects a commensurate saving on hired transport.

C. *Camels*.—There are at present, we understand, 4,500 camels used for transport work organized into 7 companies. We are informed that the question of replacing two of the camel companies (lower establishment) on mobilization by hired mechanical transport and a camel company to be maintained in the Punjab is under examination and that this would result in the saving of about Rs. one lakh a year. We recommend that this saving should be effected, and we do so all the more readily in view of the opinion of one of our members, who has considerable experience of the question, that the camel has definite disadvantages as a means of military transport, and that, if it must be employed in war, it can be obtained in substantial numbers on mobilization.

6. *Mechanical Transport*.—We have not had time to examine the details of establishment of the mechanical transport units for which, according to page 112 of the Army Budget, 101 British officers, 246 British other ranks, 61 Indian officers, 3,883 Indian other ranks, clerks and artificers and 3,588 reservists are maintained. We hope to have an opportunity of doing so later. Nor, though we have been furnished with a good deal of information on the subject, have we been able to consider fully the question of the total number of vehicles maintained or the quantity of mechanical stores and spare parts held in stock. But we understand that, so far as I. A. S. C. vehicles are concerned, it is proposed to purchase during the current year 264 4-wheel lorries (equivalent to 8 mechanical transport sections), of which 132 are to replace 6-wheel lorries which are being utilized to mechanize the transport of a cavalry brigade, and 132 to replace vehicles which may no longer be fit for service. In present financial conditions we consider that this purchase should be deferred and that replacements should so far as possible be avoided. In making this recommendation we have in mind that a reserve of vehicles is being formed by the withdrawal of certain vehicles from each section, and this reserve might be drawn upon in those cases in which replacements are absolutely necessary. As regards mechanical transport stores and spare parts, we have been informed that it is proposed to

cut down stocks and that an initial saving of Rs. 15 lakhs will result. We recommend that this saving should be effected. We further recommend that for this and next year purchases of mechanical transport stores and spare parts should only be made in cases in which it is absolutely essential. We hope to be able to report on this question of stocks at a later date.

But though we have been obliged to postpone a considered report on this matter, we should like to make certain general recommendations on the policy of provision of mechanical transport. In the first place we consider that the policy which we understand that the military authorities are following of restricting the types of vehicles in the service should be pursued: it may perhaps be possible, *e.g.*, ultimately to have one standard type of lorry common both to the Army and the Royal Air Force. Standardization of type must make for economy. As a measure tending towards the possibility of retaining one type of vehicle in the service we recommend that manufacturers of vehicles purchased for Army use should be required to guarantee the provision of spare parts over a term of years. This will prevent types of vehicles having to be changed for lack of spare parts. Finally, we recommend that everything possible should be done to encourage the production of mechanical transport in this country, so that, in lieu of maintaining large reserves, it may be possible to rely on supplies from civil sources in emergency. We understand that it was partly in pursuance of this aim that the military authorities have decided to substitute to a large extent four-wheel lorries which are in use in civil life for six-wheel lorries for which there is little civil demand.

MECHANICAL TRANSPORT ESTABLISHMENTS.

The maintenance of mechanical transport units involves the upkeep of various mechanical transport establishments for repairs, storage, inspection and so on. Those establishments are given on pages 114 to 123 of the Army Budget, and the cost of their staff, and the number of personnel employed there, may be summarised from the budget figures as follows:—

Personnel.

	British officers.	British soldiers.	Indian officers, artificers, clerks, etc.	Cost. Rs.
Mechanical Transport Depot	10	14	149	5,13,480
Central Mechanical Transport Stores Depot	4	32	169	4,66,330
Technical Inspectors of Mechanical Transport	11	..	32	1,98,100
Mechanical Transport Workshops	21	121	1,462	23,01,688
Mechanical Transport Vehicle Reception Depot	2	4	64	1,04,170
Total	48	171	1,876	*35,83,768

* *Note.*—This figure does not include cost of stores, accommodation, transportation, etc.

We have been informed that these establishments cater not only for the 2,025 mechanical transport vehicles (including 91 motor cycles) on charge of the Indian Army Service Corps, but for the 2,085 vehicles (including 478 motor cycles) on charge of other units (*e.g.*, the lorries with mechanized artillery, motor ambulances, etc.). Even so, the staff and expenditure seem high, and we are of opinion that, in general, by the employment, in place of some of the British officers and soldiers, of a less costly personnel either directly engaged or trained as apprentices, considerable savings could be made.

The following table shows the annual pay, maximum, minimum and average, drawn by British Officers and British Other Ranks at these Establishments :—

				Maximum.	Minimum.	Average.
				Rs.	Rs.	Rs.
<i>Officers.</i>						
Married	..	..	..	25,560	7,980	15,890
Unmarried	..	..	..	23,760	6,960	8,670
<i>Quartermasters.</i>						
Married	.	..	..	13,200	8,580	9,610
Unmarried	..	..	..	11,640	7,620	8,400
British Other Ranks		..	..	5,040	2,520	3,750

Dealing with the establishments in particular, the following observations arise :—

Mechanical Transport Depot, Chaklala.—This depot trains recruits in mechanical transport duties, and also holds classes for British and Indian officers. We have been informed that hitherto some 1,000 recruits have passed through the school annually, in two batches of 500, but that it is proposed to reduce the annual outturn to about 600 a year with consequent savings in the cost of the establishment.

Central Mechanical Transport Stores Depot, Chaklala.—This depot deals with the receipt, storage and issue of spare parts, tyres, and accessories required for all mechanical transport vehicles. It is stated that the turn-over of stores by the depot last year was Rs. 38 lakhs: the cost of the establishment is as shown in the preceding table Rs. 4.66 lakhs, of which over 1 lakh represents cost of administration, and the balance that of store-keeping. The ratio of cost of the establishment to turn-over, which comes to Re. 1 to Rs. 7 or Rs. 8 we consider excessive. We understand that the Quarter-Master General is personally examining the possibility of reduction of cost at the depot.

Technical Inspectors of Mechanical Transport.—The duty of this staff is the inspection of vehicles, etc., on charge of units with a view to ensuring that the stocks held are within the authorised scales, and that repairs are carried out and that stores are used economically. The number has increased from 3 in 1926 to 11 to-day.

Mechanical Transport Workshops.—Minor repairs are carried out by mobile repair units : heavy repairs and periodical overhauls are carried out in the Mechanical Transport Workshops at Bannu, Bombay, Chaklala, Peshawar, and Quetta. The peace capacity of Chaklala is about 50 overhauls a month, that of Quetta and Peshawar about 12 and that of Bombay 7. The shop at Bannu has only recently been formed from a workshop section stationed there.

During the last 12 months, we are informed, 458 vehicles were completely overhauled, and 266 vehicles put through heavy garage repairs (i.e., over one-fifth of the total strength of mechanical transport vehicles including motor cycles passed through the heavy repair shops) at an estimated average cost of Rs. 3,900 : and for this work, as shown in the preceding table, a staff of 21 officers, 121 British other ranks, and 1,462 Indian Officers and other ranks, artificers and clerks (of whom no fewer than 1,030 are artificers) was provided. The staff and cost seem to us unduly heavy, even though, as is claimed, the cost is artificially inflated by the rate at which labour is charged out to the work.

We understand that economy is in future anticipated by an alteration recently introduced in the previous rule that a vehicle after it had done 10,000 miles had to go into the shops for complete overhaul. It was found that after 10,000 miles although the engine required overhaul, the rest of the vehicle did not and in future a vehicle will be classified according to its actual condition as requiring complete or partial overhaul. We further understand that the establishment and rates of pay of artificers at these shops are under revision, and that the Quarter-Master General is personally exploring the possibility of reducing the costs at the shops.

Mechanical Transport Vehicle Reception Depot, Chaklala.—This depot deals with the receipt and issue to units of vehicles imported from the United Kingdom or received for heavy repairs from other units in India. It seems to us that, with less purchases in the United Kingdom, the work at this depot should decrease.

For the general reasons stated at the beginning of this section, and the more specific reasons given under the individual establishments, we think that substantial reduction should be made in this expenditure. The majority recommend that the total cost of over Rs. 35 lakhs should be reduced by 7 lakhs ; that as part of this reduction, the number of British Officers employed at these establishments should be reduced by at least 1/3rd and that of British other ranks by one half, and the number of artificers employed at the workshops should be decreased by 10%. We further recommend that the heavy repair shops should be used so far as possible for the repair and overhaul of mechanical transport vehicles belonging to the R. A. F.

F *Military Launches.*—Under Sub-head B of Head II Rs. 2,00,000 are provided for military launches. In reply to a query whether it is essential to retain these launches we have been informed that those at Rangoon are being disposed of forthwith, those at Calcutta will be disposed of in January 1932 and those at Bombay will be reduced by 50% this year. The savings involved cannot at present be given. We recommend that all these launches

should be disposed of as soon as possible except such at Bombay as are definitely required and cannot be economically replaced by hired craft.

Hired Transport.—Although army transport, animal and mechanical, is maintained on the scale shown in paragraph 1 it is still necessary to hire transport to supplement it for peace duties.

For example, in many stations, we are informed, a piped water supply does not exist and bullocks and well gear have to be hired for raising water.

The provision for hired transport in 1931-32 stands at Rs. 15 lakhs : in 1930-31 it was Rs. 17,16,000 and in 1929-30 Rs. 18,97,000. The reduction in the cost of this service in recent years is largely due, we understand, to a reversal of the policy that mechanical transport vehicles in peace should, except in Waziristan, be authorised to run only 1,000 miles a year. This limit has now been removed with a view to securing fuller use of army transport for essential transport work and so reducing hiring charges. We reserve our opinion on the question of policy involved in this change pending further examination but in the meantime we recommend that every endeavour should be made to minimize hiring charges, especially by the use of animal transport in lieu of mechanical transport where economical, and that for the present Commands should be asked to report quarterly what reduction in such charges they have been able to make compared with the same period in the previous year.

Transportation of troops and stores by Rail and Sea.—This sub-head in the Army Budget covers the cost of rail and sea charges for the conveyance of personnel and stores, of travelling and outstation allowances to personnel when moving, of the Embarkation staff and the railway transport staff. The provision in 1931 for expenditure in India is Rs. 1,96,00,000 compared with approximately a crore in 1914. We have been informed that the main causes of the increase are :—

- (1) Rise in railway fares and freights.
- (2) Large increase in movement of stores owing to the assumption by Government of responsibility for feeding, clothing and equipping the Indian army and the consequent centralization of purchase and distribution.
- (3) More travelling by individuals on inspection and other duties consequent on insistence on a higher standard of training and to attend courses of instruction.
- (4) More frequent move of troops.

Expenditure on travelling and transportation is particularly difficult to control : policies and activities may be undertaken without full consideration of the expense, direct or indirect, which they may cause in transportation costs : and a large number of individual journeys, *e.g.*, on inspections, may be authorised, each possibly desirable in itself and costing comparatively little, which in the aggregate involve very heavy expenditure. We recommend that the necessity for confining expenditure under this head to what is absolutely essential should be brought specially to the notice of all concerned ; that the cost involved in movement of supplies and stores should be carefully watched : and that in the case of inspections, etc., every endeavour should be made to

utilize the service of one officer to carry out the requirements of several departments. We understand that the Quarter-Master General has already taken steps on these lines. Apart from this general observation, we make the following recommendations on certain of the particular items of expenditure under this head.

(a) *Annual relief movements of troops.*—Before the war units were more or less localized and tended to remain for long periods in the same station. Now-a-days units move in regular rotation which gives each its proportionate share of good and bad stations including a period of service on the North-West Frontier. The programme of reliefs is limited to a cost of Rs. 15 lakhs and the sum included in the 1931-32 budget is Rs. 14½ lakhs. We have carefully considered whether we ought not to recommend that in the present financial stringency the system of annual reliefs should be suspended. But it has been pointed out to us that service on the frontier involves specially trying conditions and in fact we are informed that of 26 stations classified as “bad” for Indian infantry no fewer than 22 are on the frontier. We therefore restrict ourselves to recommending that for the next two or three years the system of reliefs should be confined to a comparatively narrow circle near the frontier, the object of the moves being to give relief to those on the frontier. We hope that by this limitation it may be possible to reduce the cost from Rs. 14½ lakhs to not more than 5 lakhs.

We also recommend that the list of ‘good’ and ‘bad’ stations should be reviewed to see whether changed conditions, and the provision of amenities for troops, and measures for the improvement of health, such as those for anti-malarial purposes, may not have altered the classification of stations hitherto regarded as “bad”.

(b) *Furlough passages for Indian Army.*—Prior to 1926 free passages home were granted yearly to not more than 30 per cent. of Indian Officers and other ranks, or 34·8 per cent. in certain frontier stations. In addition troops stationed more than 800 miles from their recruiting centres were allowed free passage up to 20 per cent. yearly of the classes affected. In 1926 100 per cent. were allowed 2½ months furlough with free passage and in 1928 the present rules were introduced restricting the concessions to 50 per cent. annually for those who have two years service. The cost for 1931-32 is estimated on page 264 of the Budget at Rs. 9,50,000 lakhs. We recommend that free furlough passages for Indian soldiers should not exceed two in the normal colour service of 7 years and we estimate that the annual saving would approximate to Rs. 3 lakhs.

(c) *Furlough Passages to the U. K. for British soldiers.*—(1) Prior to 1928-29 non-departmental warrant officers and all N. C. Os. of the Indian unattached list were granted free furlough to the United Kingdom within an annual limit of 100. In 1928-29 this limit was removed and there is now no numerical limit to the numbers who may be granted free furlough annually provided they fulfil certain conditions laid down in regulations (*e.g.*, have completed six years continuous service in India and have re-engaged and have two years’ unexpired service on return from leave). We recommend that the annual limit of 100 should be reimposed.

(2) British regimental warrant officers and N. C. Os. and, within the limit of 490 annually, lance corporals and privates are now eligible for the grant of free furlough to the United Kingdom provided that they fulfil certain general conditions (*e.g.*, have completed six years continuous service abroad and have two years' unexpired service on return from leave). We recommend that in addition to the conditions already laid down, it shall be a condition of eligibility for the concession that the soldier has served at least four years in India continuously.

(d) *Removal of soldiers and their families to the hills.*—We deal with this service under "Miscellaneous Service, etc.". If our recommendations are accepted a considerable portion of the total saving of over Rs. 5 lakhs will be in respect of transport (the present cost of which in this connection is given as Rs. 4,81,000).

(e) *Embarkation Staff.*—The embarkation staff stationed at Bombay and Karachi deals with the reception and despatch of British and Indian troops and the shipping and receipt of stores. The staff consists of 9 officers (including 1 officer of the I. M. S.) of whom 3 are stationed at Karachi and 6 at Bombay, and 131 others including Assistant Surgeons, clerks and menials. The cost is shown on page 262 of the Army Budget as Rs. 4,07,000. The cost and establishment seem high. We have been informed that the Quarter-Master General, with whom we discussed the subject, is proposing to effect economies of some 30,000 rupees a year. We do not know precisely how these economies will be effected and, while we gladly recognize the steps which are being taken, we are of opinion that the staff is excessive and recommend that the staff be reduced from 3 to 2 at Karachi and 6 to 4 at Bombay, officers being attached temporarily during the busiest season. In particular we are not clear as to the necessity for an I. M. S. officer permanently attached to the staff.

(f) *Travelling warrants.*—Under existing rules officers only proceed on warrants on certain limited occasions. Generally they receive travelling allowances from which they pay the cost of their tickets and the incidental expense of the journey. Thus an officer travelling on a permanent move receives in effect the value of three first class tickets plus free conveyance of baggage by goods train. If he is married he receives in addition the value of a first class ticket for each member of his family. Thus after paying for first class tickets he has over the value of two first class tickets for incidental expenses and the cost of his servants' tickets. On a temporary move he receives in effect three-fifths of the first class ticket for incidental expenses in addition to the value of a first class ticket. In principle the present rules provide for the payment to the officer of a cash sum with which he has to get himself, his family and his servants to their destination: how he does so, whether, *e.g.*, by car or rail is not regarded as the concern of the Government. The basic principle of the warrant system is that the officer receives conveyance in kind for himself, his family and servants, if they are entitled to travel at the public expense. For this purpose a warrant is issued, the only cash paid to the officer being an appropriate allowance to cover incidental expenses. We consider that the latter system is preferable. It ensures that the officer travels by rail, and so secures a return to Government through railway revenues, and it is in our opinion less open to the possibility of a profit being made out of travelling. We therefore recommend its accept-

ance. But the system may lead to increased expenditure on audit of the warrants both by the railways, and when they are presented for payment, by the Army Audit authorities. We recommend therefore that such audit should be reduced to a minimum and that its cost should not be disproportionate.

(g) *Saloon cars and special rail accommodation for senior officers.*—There are, we understand, four saloon cars maintained for use of Principal Staff Officers at Army Headquarters and one for the General Officer C.-in-C. of each Command. For these saloon cars a hire charge is paid to the railway companies of 9½% on capital cost plus haulage charges. The hire charge for the eight saloon cars amounts to approximately 19,000 rupees a year: the haulage charge for the Headquarters saloon cars is approximately 82,000 rupees (figures for the haulage charges for the Command saloon cars are not, we were informed, readily available). Hitherto, saloon cars have been used by other officers when not required by the Principal Staff Officers. This practice has now, we are informed, been discontinued, at a saving of 1,000 rupees a year. We are not however satisfied that the retention of saloon cars is justifiable, and we recommend that, in lieu of these cars, Principal Staff Officers and the G. O. C.-in-C. of a Command should be given the use of a 1st class carriage (8 berths).

We understand that certain senior officers belonging to Army Headquarters who have hitherto been allowed a four-berth compartment when touring will in future be restricted to a coupe, or half of a four-berth compartment, with a resultant saving of 15,000 rupees a year. We agree with the proposed action and consider that our recommendations in these respects be brought to the notice of the General Purposes and Railway Sub-Committees for co-ordination of action in regard to other services.

General reduction in provision for travelling and outstation allowances and rail charges.—Apart from the reductions on furlough passages and annual relief movements mentioned above, we recommend a 10% cut in the provision under the other items in minor heads (d) and (e) of Head VII sub-head A of the Army Budget making a saving of some 1,18,000 rupees.

Grade of accommodation granted to officers and others travelling on duty by private steamers.—We were furnished at our request with a statement showing the grade of accommodation allotted to officers and others travelling on duty by private steamers. In some cases this appears to us unduly high. For example officers from the rank of Colonel to those of the rank of Major travel 1st saloon A by P. & O. steamers. At our suggestion the military authorities have reviewed the present scales and are prepared to recommend modifications which will result in a saving of 61,000 rupees annually. But the present scales have been laid down at an interdepartmental meeting between the India Office and between various departments of the Home Government, and those departments must be consulted before changes are made. We recommend that steps be taken to give effect to the military authorities' proposals as early as possible.

SUMMARY OF RECOMMENDATIONS.

Animal and Mechanical Transport : Hired Transport and other Transportation Charges.

Recommendations.	Initial saving.	Recurring saving.	Saving in 1932-33.
1) Reduction of 24 officers in the I. A. S. C. animal Transport Units	2,50,000	1,25,000
2) Replacement of 48 B. O. Rs. by educated Indians, unless in any exceptional circumstances the appointment of a B. O. R. is considered essential	1,00,000	..
3) Disbandment of animal transport of part of field Army except in so far as it is fully utilised for peace requirements and effects a commensurate saving on hired transport.	..	No estimate possible at moment.	..
4) Replacement of two camel companies (lower establishment) on mobilization by hired mechanical transport and a camel company to be maintained in the Punjab	1,00,000	1,00,000
5) Suspension of proposed purchase of 264 4-wheel motor lorries	12,00,000	..	..
6) Reduction of stocks of spare parts and stores for mechanical transport vehicles ..	15,00,000	..	5,00,000
7) Standardization of types of vehicles: maintenance by manufacturers of stocks of spares
8) Reduction of staff and expenditure at Mechanical Transport Establishments	7,00,000	7,00,000
9) Use of repair shops at Chaklala for repair of R. A. F. motors and vehicles
10) Military launches; abolition of all, except such as are absolutely necessary at Bombay	1,50,000	1,50,000
11) The use of hired transport should be reduced to a minimum (saving not estimated)
12) The expenditure on transportation of troops and stores by rail should be confined to what is absolutely essential and should be carefully watched (saving not estimated)
13) The annual relief movement of troops should for the present be confined to a narrow circle near the frontier. The list of "good" and "bad" stations should be reviewed in the light of present conditions and amenities	9,50,000	9,50,000

* Majority recommendation.

Recommendations.	Initial saving.	Recurring saving.	Saving in 1932-33.
(14) Furlough passages for Indian troops should not exceed two in a normal colour service of 7 years.			
(15) Furlough passages to the United Kingdom in the case of British soldiers on the Indian Unattached list should be limited to 100 a year; in the case of regimental N. C. Os. and men should be confined to those who (<i>inter alia</i>) have served at least 4 years continuously in India.	..	3,00,000	3,00,000
(16) Removal of soldiers and their families to the hills. This is dealt with under the Adjutant General's miscellaneous schedule
(17) The reduction proposed by the Q. M. G. in the cost of the embarkation staff should be realised: and if possible, further reduction should be made	30,000	30,000
(18) Substitution of a system of travelling warrants for the present system of cash allowances for rail journeys
*(19) Use of intermediate class in lieu of 2nd class by British troops travelling as individuals	..	No saving. Only 3rd class fare is paid for 2nd class accommodation.	..
(20) Abolition of saloon cars, and substitution of 1st class carriages (saving not estimated)
(21) Restriction of A. H. Q. officers now entitled to tour in a 4-berth compartment to a coupe or to half a 4-berth compartment	15,000	15,000
(22) 10 per cent. cut in certain items of provision for travelling and outstation allowances..	..	1,80,000	1,80,000
(23) Review of grade of accommodation authorised for officers and others travelling on duty by steamer	61,000	..

* Majority recommendation.

Recommendations.	Initial saving.	Recurring saving.	Saving in 1932-33.
<p>The Q. M. G. has suggested various economies totalling so far as the ground covered above is concerned and so far as he has been able to evaluate the services to, say, recurring charges of Rs. 3,70,000 in D. M. Q.'s sphere of responsibility, Rs. 11,80,000 recurring and Rs. 48,25,000 initial in D. S. T.'s sphere of responsibility. Of these Rs. 1,07,000 in D. M. Q.'s directorate have been included in the above figures, and of D. S. T.'s saving Rs. 5,00,000 recurring and Rs. 15,00,000 initial have been included in the above figures, leaving to be added to the above figures Rs. 2,63,000 recurring in D. M. Q.'s sphere, and Rs. 6,80,000 recurring and Rs. 33,25,000 initial in D. S. T.'s sphere. (It is understood that some of the saving of expenditure on M. T. is merely a postponement expenditure) .. .. .</p>	..	..	..
<p>Total (in list above) ..</p>	27,50,000	28,36,000	30,50,000
<p>From Q. M. G. ..</p>	33,25,000	9,43,000	9,43,000
<p>Total ..</p>	60,75,000	37,79,000	39,93,000

CHAPTER VII.—REMOUNTS.

The expenditure has increased as follows :—

	1913-14.	1931-32.
Remount Depots	} 27,33,000	14,55,000
Cultivation Farms		5,90,000
Horse and Mule breeding operations ..		5,90,000
Purchase of animals		23,77,000
Total		50,12,000

2. Before the war the Army Remount Department performed a very small portion of the proper duties of such a service. It was responsible only for the provision of horses (except for Silladar Cavalry which provided their own) and of mules. Its functions were confined to the purchase and supply of animals but it was not responsible for giving expert advice on the control and distribution of animals in Commands and Divisions. The Department did not organise the resources of the country for war—nor was it responsible for supervising the mobilization of animals. It had little concern with officers' chargers.

3. We were informed that, since the war, the additional responsibilities assumed are mainly :—

(1) provision of transport mules and officers' chargers ;

(2) organisation of animal resources of the country ;

(3) supervision of mobilization of animals and remount units in the field.

4. The Department is responsible for the encouragement of horse and mule breeding by private breeders in five areas with headquarters at Rawalpindi, Sargodha, Lyallpur, Montgomery and Meerut. It also maintains two breeding studs, two young stock depôts and three Australian remount depôts where imported horses are acclimatised before issue to the Army.

5. The total annual requirements of horses and mules are as follows :—

	Establishment.	Annual requirements.
Horses	24,130	3,336
Mules	24,768	2,230

These annual requirements are calculated on percentages determined by the useful life of each class. The sources of supply are as follows :—

				Annual requirements.
Draught horses	..	..	Australian	663
Rides, Class I	..	..	Australian	342
			Indian	180
Rides, Class II	..	..	Australian	1,120
			Indian	520
Riding Ponies Class I	..	..	Australian	65
Riding Ponies, Class II	..	..	Indian	74
Artillery Mules	..	..	Mostly American. Some bred in India.	384
Equipment and transport mules	..	..	Indian bred	1,674

The cost to the State of imported horses is said to be—

				Rs.
British Service horses	..	..	..	943
Indian Service horses	..	..	..	763

Indian bred horses, including purchase price, and maintenance for three years in depots, cost about Rs. 1,200 at time of issue for service. Imported artillery mules cost Rs. 900, Indian bred mules Rs. 800 and Army transport mules Rs. 350.

6. As the result of mechanisation the establishment of horses has been reduced by 3,430 and of mules by 6,500, and animal replacements have been reduced by 409 horses and 520 mules at a total saving of Rs. 16 lakhs a year.

7. Before the war there were 18 Remount Officers and 10 Veterinary Officers. In 1927 the unseconded attached regimental officers were seconded at a cost of Rs. 2,32,000 and at the present time there are 30 Remount Officers and 8 Veterinary Officers in the Department. The former are distributed as follows :—

Army Headquarters	..	..	..	..	3
Commands	..	..	..	..	4
In charge depots	..	..	..	..	1
Assistant and Deputy Remount officers	..	..	..	..	17
					<hr/> 30

We do not consider that it should be necessary to maintain three officers at Army Headquarters as well as four in Commands and we recommend that the four Command appointments be abolished. The need for as many as 17 Assistant and Deputy Remount officers is also open to question. With one exception, we consider that it should be possible to place depots in control of the Veterinary Officers with Indian officers to assist them and we recommend that a

scheme be worked out on these lines and a number of Assistant and Deputy Remount officers be replaced by Indian officers. We observe that 26 British other ranks are maintained and we recommend that these be replaced by Indian ranks.

8. Owing to the existence of a large number of over-age horses, a scheme has been in operation to rectify the position and up to date Rs. 10 lakhs have been spent. We understand that further provision will not be made for the present. We agree to this action which will save Rs. 2 lakhs next year.

9. We were informed that the reserve of horses maintained is 1,000, and of mules, 200. We doubt whether there is justification for maintaining so large a reserve at the present time and we recommend that it should be abolished or, at any rate, reduced to half its present size. Taking the average cost of a horse and a mule at Rs. 800, this latter course would save nearly Rs. 5 lakhs in purchases next year and about Rs. 1,50,000 a year on feed and keep. We also recommend that further encouragement be considered in the "bound" breeding areas so that any need for a reserve should disappear.

10. We have gained the impression, here as in other spheres of our enquiry, that very high standards are insisted upon. It has been stated to us that during the war some 50,000 animals were purchased in India, an average of some 12,000 animals a year; yet at present it is necessary to import some 2,200 horses out of the annual requirements. We are convinced that, if the standard could be lowered without serious loss of efficiency, considerable economies would be possible and the matter should be carefully investigated.

11. We note that an officer is sent to America annually to purchase mules for the Indian Army. We consider that enquiry should be made whether the purchases for Home and Indian requirements could not be made by one officer with consequent economy. Further, a retired officer of the Remounts Department is paid £300 a year for his services in purchasing 10—12 stallions annually. We consider this an expensive arrangement and recommend that enquiry be made whether the War Office could not make cheaper arrangements.

12. We note that Australian horses are maintained for some 9 months in the Remount Depots in order to acclimatise. The cost of maintenance of the establishment of 2,500 horses at these depots is stated to be about Rs. 5 lakhs and there are further heavy charges in supervision and administration. We were informed that it was cheaper to keep these horses at the depots than to keep them with units, but there would be real financial saving only if the shortage in horses in units was equal to the number in the depots. At present 25% of horses are sent straight to cavalry units and we recommend that at the present time the policy be reviewed and either the system of depot acclimatisation be abolished or the number of horses so maintained be very largely reduced.

13. We are informed that infantry officers and officers of dismounted units who are entitled to be mounted are allowed to purchase over-age cast horses at Rs. 80. We consider that officers of such units should be further encouraged to purchase animals of this class in lieu of optional chargers from remounts. As regards the casting of horses, we suggest with some diffidence that the age might be extended in present circumstances so that it would be

an exception to cast under 17 years. We also feel that it should not be necessary to maintain such a high standard of horses for use in connection with internal security duties. In regard to casting, we recommend that improved advertising methods be devised so as to secure better prices.

14. We also recommend that, as the "unbound" breeding areas do not give a proper return, they should be abandoned and possible savings effected on travelling expenses and on maintenance of stallions.

15. We notice that nearly six lakhs of rupees are expended on cultivation farms for the production of grain and fodder for the animals in the department. We have not investigated whether this is an economical arrangement. We recommend that the whole question be examined and a report made to us at our later meeting.

16. We have been informed that the Quarter-Master General, as a result of our discussion with him, has appointed an expert committee to enquire into several of the points considered by us. These are—

- (1) abolition of one depot ;
- (2) concentration of studs ;
- (3) reduction of British other ranks and substitution of Indians ;
- (4) acclimatisation ;
- (5) raising of casting age ;
- (6) acceptance of lower standards ;
- (7) reduction in the number of chargers now maintained by officers either obligatory or optional.

Enquiry is also being made as to the issue of syce and forage allowance for, and the sale at concession rates of, optional chargers.

We strongly recommend that these questions be most carefully reviewed and every attempt made to reduce the heavy cost of this department by at least five lakhs of rupees a year.

REMOUNTS.

Summary of recommendations.

Recommendations.	Initial saving.	Recurring saving.	Saving in 1932-33.
	Rs	Rs.	Rs.
(1) Abolish 4 officers in Commands .. ..	..	75,000	75,000
* (2) Substitute Indian officers for Assistant and Deputy Remount officers—ultimate saving .. ..	..	1,00,000	..
(3) Reduction of purchases to replace over-age horses	2,20,000	..	2,20,000
(4) Reduction of reserve of horses and mules ..	5,00,000	1,50,000	6,50,000
(5) Various measures, such as reduction of standards, amalgamation of depots and studs .. ..	..	4,00,000	4,00,000
Total ..	7,20,000	7,25,000	13,45,000

* Majority recommendation.

CHAPTER VIII.—VETERINARY SERVICES.

The establishment of these services has varied as follows :—

	1914.	1922.	1931: }
British officers	64	81	66
British other ranks	23	23.	4
Veterinary Assistant Surgeons .. .. .	..	219	132
Clerks	29	47.	54
Indian other ranks .. .. .	..	1,470	542 <i>plus</i> 222 reservists.
Followers, etc.	4	121.	90

The cost in 1913-14 was approximately Rs. 5 lakhs; the provision today is nearly Rs. 10 lakhs.

2. At present there are 30 veterinary hospitals Class I and 16 Class II. It is stated that there is not much difference between the two classes but a review has been made and several hospitals have been reduced to Class II at a saving of Rs. 18,000. We recommend that further reductions be made if possible.

3. We understand that of the establishment of officers two are at Army Headquarters and one in each Command. At present, appointment as Veterinary officer is limited to those possessing the qualifications of a Member of the Royal College of Veterinary Surgeons. Indians are, we understand, now taking up this qualification in increasing numbers and should be available for appointment on emoluments lower than those at present drawn by British officers. We recommend that future appointments be filled from this class as far as possible and in addition, Veterinary Assistant Surgeons should gradually replace the present class of officers in the less important appointments.

4. There are at present 11 military students at the Punjab Veterinary College who cost the State Rs. 20,000 a year. We understand that this system of training and recruitment will be discontinued giving a saving next year of Rs. 11,000 and an ultimate saving of Rs. 20,000 a year.

5. The present reserve of I. A. V. C. is to be reduced to 100 saving Rs. 10,000 a year. We recommend a further reduction to 50 saving a further Rs. 5,000 a year.

6. Various other proposals for economy are under consideration by the Quarter-Master General involving a recurring saving of Rs. 33,000 next year and we recommend that these proposals be brought into effect without delay.

CHAPTER IX.—MEDICAL SERVICES AND MEDICAL STORES DEPOTS.

The expenditure on establishment charges of the Medical Services is as follows (in thousands):—

	1913-14.	1931-32.
India	79.74	1,48.00
England		15.50
		1,63.50
Less receipts		3.20
Net		1,60.39

2. In addition to the above charges in the current year may be added, in order to complete the picture, the following approximate figures:—

	Rs.
(a) Supplies of medicines and instruments	15,00,000
(b) Provision and supplies	12,00,000†
(c) Clothing for patients	2,68,000
(d) Rations and clothing of I. H. C.	4,00,000
(e) M. E. S. charges for hospital work in progress and new hospitals..	12,50,000

3. The staff is as follows (the figures for 1914 and 1922 are taken from the Inchaape Report):—

	1914.	1922.	1931.
R. A. M. C. officers	333	332	200+10 R.A.F.
I. M. S. officers	273	495	307
B. O. R.		450	460+27 R.A.F.
Assistant Surgeons	436	416	366
Sub-Assistant Surgeons..	731	739	742
I. H. C.	6,512	12,065	9,413
I. H. C. Reserves .. .. .				4,300
Nursing sisters	91	267	279
Dental officers	7	18	26
Army Reserve of Officers			339

4. The numbers for whom attendance is provided, including women and children in the case of British troops and followers in the case of Indian troops, are stated to be as follows:—

	1914.	1922.	1930.
British	98,500*	90,286	82,230
Indian	221,000	217,763	188,926

* The number of women and children for this year is not available but has been calculated in proportion to other years.

† This does not appear to include the value of dairy produce issued by the Farms Department amounting to over Rs. 8 lakhs.

The number of hospitals is stated to be as follows :—

British Military Hospitals	83	
Indian Military Hospitals	95	
Hospitals in which number of beds are—		B. H. I. H.
Less than 20	26	19
Above 20 but less than 30	7	9
Above 30 but less than 40	9	15
Above 40 but less than 50	7	12
Above 50 but less than 100	25	21
Above 100 but less than 200	8	15
Above 200 but below 300	1	3
Above 300 .. .. .	..	1
Total	83	95

5. As regards the establishments of R. A. M. C. and I. M. S. officers, no definite basis is given to fix the strength in relation to the numbers of personnel served. There is apparently no fixed ratio of officers to the number of hospitals or to the amount of hospital accommodation. We have been informed that the number was originally fixed in proportion to the strength of troops but the present establishments are stated to be arbitrary. We were told for example that if a medical officer ceased to be required on disbandment of a battalion on the frontier, the establishment would not be reduced as the officer would be allotted to make up the number required on the outbreak of war. The establishment apparently has relation to mobilization requirements as we have been informed of the shortage in that event but what that relation is we have not been informed, as the question is not finally settled.

6. We have examined various methods of calculation which have been recommended in the past :

(a) The Medical Services Committee (Verney Lovett) of 1919 held that the strength of medical officers for British troops should be calculated at 3 per mille *plus* a leave reserve: the Director of Medical Services of that time considered that a peace establishment based on 3·5 per mille would probably suffice. Calculated on the present strength of British officers and other ranks—about 68,000 including R. A. F.—this percentage would give a requirement of 238 officers for the R. A. M. C., whereas the number provided for under the head “British Military Hospitals” is 264 to-day. The 3 per mille recommended did not, however, include provision for higher administrative appointments, for which there would be a margin of 26 according to our calculation.

(b) As regards I. M. S. officers, a committee of Indian Medical Service officers which worked out the details of the scheme for Indian Station Hospitals considered that 260 officers was the minimum required for about 192,000 troops and followers. The

present strength of troops and followers is 189,000 and in the same proportion 256 officers would be required to-day. We are informed that the actual number engaged to-day on station duties is 267 exclusive of administrative and special appointments for which the balance of 130 officers seems excessive.

- (e) The number of beds available in the case of British personnel has been reduced from 8,684 in 1922 to 5,723 to-day. If a ratio were accepted between the number of officers and the accommodation in hospitals, the 332 R. A. M. C. officers of 1922 would be reduced to about 218 to-day. Similarly the accommodation for Indian troops has been reduced from 13,750 in 1922 to 7,020 to-day. With this reduction the 495 I. M. S. officers of 1922 should be about 253 to-day.

We realise that it is not possible to base the strength of officers entirely upon such calculations, but at the same time we do submit that the trend of these figures indicates that some reduction in superior staff should be possible.

7. We find it very difficult to make definite proposals to satisfy the urgent need for retrenchment in the superior staff of these services especially as the medical authorities themselves have not been able to help us, in this case, towards a solution. We are thus forced to make our own estimates with regard to general considerations and we feel the more justified in so doing, inasmuch as the present strength of the superior services is, so far as we have been able to ascertain, based upon considerations which are also of the most general character. The considerations which influence us are—

- (a) The cost of the medical services has been doubled since 1914 despite a considerable reduction in the forces served. In 1913-14 the cost of the medical services was 79·7 lakhs apart from the cost of maintenance of hospitals, clothing, medicines, etc.; to-day the corresponding figure is 160 lakhs. That cost now represents a very considerable proportion of the total cost of the administrative services and we cannot help feeling, after a very detailed investigation of the case, that the whole organisation is maintained on a scale which the country cannot possibly afford.
- (b) The general health of the troops, both British and Indian, has greatly improved of recent years. We are informed that the death rate since 1900 has fallen from 14·6 per thousand for British and 14 per thousand for Indian troops to 2·78 and 3·3 respectively in 1930. The admission rates per 1,000 during the period 1904—1908 was 840 for British and 639 for Indian troops. In the period 1920—30 it was 617 and 398 respectively. For this improvement a full meed of praise is due to the medical services. But at the same time we consider that the improvement continues to exist under conditions which are now, in large measure, stabilised. We refer to the higher modern standards of barrack and hospital accommodation and lighting—which alone in the last four years have cost over 4 crores of rupees; water supply has been greatly improved everywhere. The incidence of disease.

has fallen to a marked extent as a result of inoculation against enteric which once levied so heavy a toll on the Army. Anti-malarial measures and improved drainage schemes have been carried out generally in cantonment areas. The arrangements for feeding and clothing troops have reached a high and expensive standard, nor would we omit to notice the provisions for the mental and moral well-being of the troops. All these measures in their cumulative effect have cost the State many crores of rupees and we cannot but feel that it is unnecessary to maintain the present high standards of supervision and that we, therefore, can fairly recommend a reduction in the expenditure, on this account.

- (e) Further—and this we regard as a very important consideration which involves a change of policy—there exists a staff of 365 Assistant Surgeons for British troops and of 742 Sub-Assistant Surgeons for Indian troops, whose services, we consider, should be more extensively employed in a higher capacity than at present. We have been informed that, as regards Assistant Surgeons, they have proved satisfactory when they have held full charge and we further understand that some 90% of cases admitted to hospital are of a character which would fall within the capacity of this class. In making this recommendation we are following the advice of the expert Verney Lovett Committee of 1922 to which we have already referred. Similarly, as regards Sub-Assistant Surgeons, we consider that on the evidence given to us they should be entrusted with greater responsibility. It must be remembered in this connection that it is on these two classes that the health of the civil population very largely depends.

8. On these general considerations therefore we recommend that the present establishment of R. A. M. C. officers should be reduced from 300 (including R. A. F. officers) to 250 and of I. M. S. officers from 397 to 350. These reductions should be effected with the greatest expedition possible. Calculating on the average cost, we estimate the saving at about Rs. 14,00,000 a year.

9. We desire to refer to another matter which is relevant at this point. Figures supplied to us show that there are at present 208 European officers in the I. M. S. and 111 permanent Indian officers. According to the ratio of European to Indian officers which we understand is in force, there should be 270 of the former. We understand that great difficulty is experienced in attracting recruits at home despite the liberal terms offered which include a gratuity of £1,000 at the end of 5 years and £2,000 at the end of ten years if the officer retires, and in order to make up the deficiency 81 Indian officers are maintained on a temporary basis and most have served for periods ranging from three to nine years at the end of which they are liable to be discharged without any gratuity. We consider that such a system is neither fair to the young officers concerned nor productive of efficient and economical service to the State. The majority of us further consider that the ratio of Europeans to Indians should disappear in the regulations as it has disappeared in fact and that the present temporary Indian officers, if they have proved suitable, should be confirmed in their appointments. In making our recommendations for reductions in the

cadre of the Indian Medical Service the majority of us desire to emphasise that they do not intend a reduction in the present grade of temporary officers but in the more expensive appointments.

10. The number of R. A. M. C. other ranks maintained as nursing orderlies in British hospitals is 460. There was no such establishment before the war when these duties were performed by men detailed from the fighting units without replacement. The cost of this establishment is about Rs. 7 lakhs a year. In addition there still remain some 683 nursing orderlies from regimental establishment of whom 365 are trained and 318 under training. While we appreciate the reasons which have led to the establishment of such a nursing service no longer maintained at the expense of fighting strength, the majority of us are definitely of opinion that it should be formed from Anglo-Indian or Indian personnel. The main objection urged to this proposal is that it would be difficult to maintain discipline in the wards without British orderlies. We think that this is a difficulty which is by no means insuperable particularly if a number of British orderlies remained for supervision in the larger hospitals. We would recommend the retention of 100 British orderlies and the replacement of the others (on pay much lower than that now drawn by British orderlies) by Anglo-Indian or Indian nursing orderlies; if the latter, if possible, those with some slight knowledge of English. In the latter case the saving in pay alone for 360 personnel would be about Rs. 3½ lakhs apart from savings on capitation rate, rations and clothing. One of our colleagues considers that only half of the present establishment should be so altered and another draws attention to a note he has appended.

11. As regards Assistant Surgeons numbering 365 who are maintained solely for British hospitals, we have already recommended that they should be employed in more responsible positions replacing superior officers in full charge of suitable units. They should, we think, be designated Assistant Medical Officers. This branch of the service should be opened to Indians as well as Anglo-Indians, though a number not exceeding 20% of appointments should, we think, be definitely reserved for the latter community. The present rates of pay are, we think, too liberal and a scale of Rs. 200 to Rs. 500 should suffice.

12. Sub-assistant surgeons with Indian troops number 742 compared with 739 in 1922, though the number of Indian troops and followers has fallen from 218,000 in the latter year to under 189,000 at the present time. We understand that it is proposed to reduce the number by 50 and form a reserve of 150 with a saving after the first year of Rs. 41,000. We agree with the proposed reduction but consider that it should not in the present times be accompanied by any further formation of reserves. We have recommended that these sub-assistant surgeons should be more extensively employed in more responsible positions and we therefore make no further recommendations.

13. The number of British nursing sisters is 224 compared with 91 in 1914 when the number of British personnel was much higher. The pay of the British nurse ranges from Rs. 265 as Staff Nurse to 680 as Lady Superintendent, while the pay of the Indian Nursing Service ranges from Rs. 175 to Rs. 275. The allowances of the former are also higher. A substantial saving would thus be effected by replacing the British nursing service throughout by Anglo-Indian and Indian nurses who, after all, mainly staff the civil hospitals in India.

The majority of us therefore recommend that the latter class alone should be engaged in the future. We recognise that this involves a change of the present policy that British attendants should be furnished for British troops but with one exception, we maintain that such a change should be made in the present times.

14. As regards accommodation in hospitals, British and Indian, we note that there has been a substantial reduction since 1923 when the Inchcape Committee made its recommendations. The number of beds was then 22,400 : it had fallen to 12,700 in 1930. We have had very full statistics of the extent to which this accommodation is utilised and the evidence indicates that in most cases the accommodation is still very considerably in advance of the average daily number of sick and also usually well in advance of the highest number of sick on any day in the last few years. Though there are a fair number of exceptions, we do not recommend a further reduction of beds under the present system but rather propose a change of that system. In the majority of stations there exist separate British and Indian hospitals both incompletely occupied and we are strongly of opinion that these should be amalgamated wherever possible as has already been done in some cases and is being done in future construction. Separate wards should be retained for British and Indian personnel. The supervising, nursing and orderly staff should, however, be common to both sections. We understand that this system could be generally adopted provided that the policy to which we have referred is changed, subject to adjustment of accommodation in certain stations. Amalgamation on these lines would result in very considerable savings and we recommend that it should be brought into effect without delay in every possible case. The cadre of officers is likely to be materially affected by such amalgamations and we propose that any reduction in the establishment which can be secured by amalgamation should be in addition to those already recommended on general grounds. In this connection it has been represented to us that the scales and stocks of equipment and clothing of hospitals are on a liberal scale. Amalgamation of hospitals should secure some reduction, but we consider that occasion should be taken to review both the scales and the stocks held on charge in order to secure economy.

15. We observe that there has been a great increase in the strength of the Indian Hospital Corps. Before the war for a larger number of troops there existed a formation known as the Army Bearer Corps numbering about 6,500. The present Corps numbers 9,413 and there is also a sanctioned reserve of 4,300 (the actual number at present being 3,060), the latter being an entirely new formation.

The Corps is made up of 4,926 General Section, 2,229 Ambulance Section and the balance is divided into Nursing, Stores and clerical sections. The General Section provides for some 834 cooks, 808 water carriers, 1,168 ward servants, 732 washermen, 94 barbers and 1,290 sweepers. Further, we are informed that of the Ambulance Section about 1,000 men are needed for peace requirements and that the balance costing some Rs. 1,80,000 are a definite war provision.

We consider that this very greatly increased establishment should be substantially reduced in existing circumstances and the maintenance in peace of 1,200 men for mobilization purposes seems to us, under present

conditions, hard to justify. We recommend that the total strength be reduced to this extent but we leave the actual distribution of the reduction to be made in the most convenient manner by the medical authorities. As regards the reserve, which is a new departure, we consider that here, as in the case of other mobilization reserves of personnel, animals and stores, the financial position renders it imperative to reduce the scale of insurance. This I. H. C. reserve, we are informed, costs about Rs. 1,00,000 a year, and we recommend that the actual numbers be reduced to 2,000 only and that further savings on the remainder be secured by limiting the training for the nursing sections to a fortnight in the year or to one month in two years as may be most convenient.

16. We note that an establishment of 26 Dental Officers and 43 B. O. Rs. is maintained for British troops as compared with 7 officers in 1914. It was stated that the saving on this establishment as compared with the cost of a contract system with private dentists is very considerable. It is under contemplation to extend this service. We recommend that Assistant Surgeons be given more advanced training in dentistry (which is already to some extent part of their course) and that the present dental service be gradually eliminated, save for 10 officers who should be retained to supervise the work of Assistant Surgeons. At this stage we would also state that we see no reason to maintain an officer of the dental service at Army Headquarters.

17. We are informed that 91 officers of the medical services obtain an additional allowance of Rs. 100 a month for being in possession of specialist qualifications. We see no reason for the continuance of such allowances. Officers obtain study leave on liberal terms to enable them to qualify in special branches of their profession and being so qualified they have better chances of promotion and posting to better stations. The majority of us think, therefore, that this special allowance should cease forthwith and a saving of over one lakh be secured.

18. In the Pathological and Hygienic Branches of the Service there are the following officers :—

Army Headquarters	3
Commands	5
District Headquarters	23
Brigade Laboratories	12
Others	2
	<hr/>
Total ..	45
	<hr/>

While we appreciate the value of the work done by these officers as explained in a very full note which has been furnished to us, we consider that at the present time and in view of the general considerations to which we have already referred in paragraph 7, it is in this special branch that room could be found for reduction in the number of officers by amalgamating pathological and hygienic duties in one person in some cases or in others by amalgamating areas of supervision. Nor do we appreciate the necessity for 8 officers at Command and Army Headquarters. As, however, we have allowed for reductions

in this sphere in our general recommendations for reduction of the R. A. M. C., and I. M. S. cadres, we make no separate specific deduction in this case. We also suggest that, where it would be economical to do so, civil laboratories be resorted to wherever they exist as has been done in Simla.

19. *Field Medical Units*.—We have been furnished with a list of these units but have no information so far of the personnel and other costs involved in their maintenance. This question is closely linked with the general question of mobilization reserves and we reserve it for further consideration and in the meantime would suggest that the matter be fully examined in order to secure economy. The D. M. S. informed us that he had already been able to make savings of nearly Rs. 3 lakhs initial and one lakh recurring in these directions.

20. As regards expenditure on hospital buildings we have already recommended to the Army Department that two projects amounting to about Rs. 12 lakhs, which were to be commenced shortly, should be postponed. The general question of hospital works will come under our review when we come to deal with expenditure on military works generally.

21. *Medical Colleges and Schools*.—The total expenditure under this head is Rs. 2,97,000 of which Rs. 1,59,000 is on account of capitation payments to local Governments. The estimate is divided as follows :—

	Rs.
Sub-assistant surgeons (220)	1,00,230
Assistant Surgeons (115)	1,96,770

We were informed that if the appointments were thrown open freely to all communities there should be no difficulty in obtaining a sufficient supply by direct recruitment without training at the cost of the State and we recommend the adoption of this method. As regards Assistant Surgeons, the difficulty appears to be that they are now recruited from one class, the Anglo-Indian, and require assistance for their training. We have already recommended that appointment of Assistant Surgeons be thrown open to Indians also and if this is done, we understand there should be no difficulty in securing sufficient numbers. The full saving under our proposals will not be secured until the present students pass out.

22. *Medical Store Depots*.—The cost is as follows :—

	Rs.
Administration and Workshop charges and local purchases	29,33,000
Purchase of stores in England	13,75,000
	43,08,000
Receipts from local Governments, etc.	34,03,000
Net cost	9,05,000

Against the net cost must be set off the value of supplies to the Army of medicines and instruments valued at about Rs. 15 lakhs. The trading accounts indicate a profit of Rs. 85,000, but we understand that too much reliance cannot be placed on their commercial accuracy.

The total stocks carried amount to Rs. 36 lakhs including Rs. 32 lakhs of working stocks and over Rs. 3 lakhs of mobilization reserves. It is doubtful whether the latter is wholly necessary in view of the large working stock, the bulk of which is held for other than Army requirements and can be called upon when needed. Further, we understand that the stock includes 3 months' supply of locally produced articles and 6—8 month's supply of imported articles. We consider that this stock could be safely reduced to 2 months and 4—6 months respectively, saving about Rs. 6—10 lakhs in the ensuing year.

As regards other points considered by us the D. G., I. M. S., has promised to consider the possibility of amalgamation of depots and to revise the list of indents to see whether more articles, particularly instruments, could not be obtained in India. We also desire that investigation be made into the necessity of maintaining officers of high rank in charge of these depots as it seems probable that junior officers or senior Assistant Surgeons would suffice.

23. Having examined these services in detail, it remains for us to refer to two general considerations on which the possibility of economies on the lines we have suggested depends and to recapitulate certain arguments.

In the first place in the medical services, possibly more than in any other department of the Army, economy can only be effectively achieved by the co-operation and advice of the staff concerned, with their intimate administrative experience and their special knowledge. We fully realise the reluctance of those in authority to reduce in any way the standard of service which they have built up. They are responsible for the health of the troops in peace and for preparation for medical services in war: statistics show the high level to which they have raised the general health of the Army in peace and we have no reason to believe that their preparations for war are not equally effective. But the question is whether the country can afford the cost of the existing organisation and whether economies cannot be carried out without undue risk either in peace or war.

As regards peace, in recommending a reduction in the establishment of the R. A. M. C. and I. M. S. we have been influenced by the view, based on the evidence we have heard, that greater use could be made of the assistant surgeon and sub-assistant surgeon class, by the large number of administrative staff appointments, and by the possibility of curtailing activities now that so much pioneer and experimental work has been completed. The majority of us who have knowledge of the country also hold that many of these officers are not fully occupied during a greater part of the year. Some of us wish, on the contrary, to record that they have had no evidence to justify them in coming to this conclusion. As regards mobilization we would emphasise that since 1913-14 an establishment of over 300 reservist officers has been added and that medical assistance from civil sources can be much more easily secured than 15 or 20 years ago. We are aware of the regrettable history of the medical breakdown in Mesopotamia, (which quite naturally weighs very heavily with the medical authorities) but we have been informed by the D. M. S. that the medical arrangements on other occasions have not been found inadequate and that in Mesopotamia the breakdown was largely a question of transport. Moreover the campaign in question was not one of a kind towards

which present policy contemplates that preparations should be directed. For these reasons we think that the Government should call upon the assistance of those responsible to secure economies which will bring the cost of this service more into accord with what the country can afford.

The second general point to which we draw attention is that many of the economies recommended depend on a reversal of the policy, which has hitherto obtained, of a separation between the medical services for British and Indian troops respectively. The majority of us have recommended an immediate extension of the policy of amalgamation of hospitals, the introduction of a large percentage of Indian orderlies to attend on British patients in lieu of warrant officers, N. C. Os. and men of the R. A. M. C. and the use of Anglo-Indian and Indian nurses in lieu of relying on a service brought from overseas. From a financial point of view the advantages are obvious : a reversal of existing policy will avoid duplication of staff, stores and accommodation : will substitute orderlies drawing appropriate Indian rates of pay for those drawing more than 100 rupees a month (a sum more than the rate paid in many cases to the qualified sub-assistant surgeon who actually treats the Indian patient) ; and will replace nurses whose scales of pay alone run from 265 rupees to 680 by those whose scales of pay are from 175 rupees to 275. But in addition to the financial aspect the majority of us wish to stress the importance of the change advocated from a policy point of view. British and Indian soldiers fight together and are treated together in the field and we hold that the same principle should apply in peace. The abolition of the present distinctions will, in our opinion, make for that spirit of comradeship between British and Indian soldiers which it is of the highest importance to engender.

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Summary of recommendations under Medical Services, etc.

Recommendation.	Initial saving.	Recurring saving.	Saving in 1932-33.
	Rs.	Rs.	Rs.
(1) Reduction of 50 R. A. M. C. officers and 47 I. M. S. officers. Saving difficult to estimate but put at	14,00,000	..
* (2) Replacement of 360 British nursing orderlies by Anglo-Indian or Indian orderlies	5,00,000	..
* (3) Replacement of 224 British nursing sisters by Anglo-Indian or Indian sisters	4,00,000	..
(4) Amalgamation of British and Indian hospitals—no estimate possible at this stage
(5) Reduction of Indian Hospital Corps by 1,200 active service and 1,000 reservists	3,00,000	..
(6) Gradual reduction of 16 Dental officers and replacement by trained Assistant Surgeons	1,50,000	..
* (7) Abolition of specialist allowance	1,00,000	..
(8) Reduction of field medical units (no estimate available)
(9) Abolition of system of training medical students	2,07,000	..
(10) Reduction in stocks in medical store depots	7,00,000	..	7,00,000
Estimated effect of (1) to (9) for next year	9,00,000
Total	7,00,000	31,56,000	16,00,000

* Majority recommendation.

NOTE.—It is difficult to estimate how much of the recurring saving can be secured next year, if the recommendations are accepted, as this depends on disposal of existing personnel; but for purposes of this report a rough estimate of Rs. 9,00,000 for all recommendations is assumed for 1932-33.

CHAPTER X.—MILITARY ACCOUNTS DEPARTMENT.

1. The following table gives a comparison—(a) of the strength of the Military Accounts Department on 1st April 1914, 1st April 1922 and 1st April 1931, and (b) of the cost of the department in those years.

(a) Strength.

	Strength on 1st April 1914.	Strength on 1st April 1922.	Strength on 1st April 1931.
Officers of the Superior Service	58	60	59
Officers of the Subordinate Service	25	139 (including 52 temporary appointments).	101 (including 11 additional officiating appointments).
Accountants	256	509	467
Clerks	1,575	3,194	3,736
Temporary clerks	125	1,746	280
	(b) Cost.		
	1913-14. Rs. 30,50,000	1921-22. Rs. 98,50,775	1931-32. Rs. 1,16,25,000

The main reasons for the increase in the numbers and cost of the department compared with the pre-war figure are :—

- (i) The preparation of pay accounts of Indian units. Prior to 1913/14 these accounts were prepared under regimental arrangements and the cost of the staff concerned was charged to the various arms of the service which accounts for Rs. 11 lakhs.
- (ii) The preparation of store and manufacturing accounts of the Royal Indian Marine. In 1920 an office of Controller of Marine Accounts under the Military Accountant General was formed at Bombay and took over the staff employed in the Marine Section of the late Senior Controller of Military Supply Accounts and the staff employed on the maintenance of the store and manufacturing accounts of the Bombay Dockyard under the Director, Royal Indian Marine.
- (iii) The formation of the office of Controller of R. A. F. Accounts in 1920 to deal with the accounts of R. A. F. units.
- (iv) The preparation and audit of Military Works expenditure. The latter was transferred in 1921 to the Military Accountant General from the late Chief Examiner of Accounts, Military Works Services, and the former in 1928 from the Military Engineer Services.

- (v) The preparation of cost accounts of Army Ordnance and Clothing Factories. In 1922 personnel of the Military Accounts Department was posted to the Ordnance and Clothing Factories for the preparation of cost accounts.

These last four items account for Rs. 17 lakhs.

- (vi) The preparation of priced store accounts of arsenals and of supply and store depots. In 1922 personnel of the Military Accounts Department was posted to arsenals and to supply and store depots for this purpose which accounts for Rs. 9 lakhs.

Apart from the increases in work, necessitating an increase in the staff of the department, the cost of the department has been increased by revision of the rates of pay following the revision of that of similar grades in the Civil Services, e.g., in 1920 the minimum rate of an accountant went up from Rs. 110 a month in the case of those serving in the Northern area to Rs. 150 a month and in 1925 to Rs. 210, while the scale of clerks' pay, which was from Rs. 30 to Rs. 100 a month in 1914, became Rs. 50 to Rs. 170 in 1920 and Rs. 55 to Rs. 225 in 1925.

2. There are three classes of officers in this service—officers of the Superior Service, gazetted officers of the Subordinate Service, and a third class consisting of accountants and clerks, promotion from one class to the other being also permissible. The sanctioned strength of the officers of the Superior Service is 59 the actual strength being 66, the extra 7 holding seconded appointments. The 59 officers are distributed as follows :—

In charge of Factory Accounts	2
Military Engineering Services	1
Royal Indian Marine	1

The remaining 55 are distributed, broadly speaking, either as Command or District Controllers or in the offices of Command or District Controllers. Of these 55 only 47 are on active duty, the others apparently being on leave. These officers of the Superior Service are divided into three classes exclusive of the Military Accountant General who draws a pay of Rs. 2,750, a month. Command Controllers receive Rs. 2,250 a month or Rs. 2,450 when the appointment is held by a military officer. Class I officers' average monthly rate of pay is Rs. 1,702 and Class II officers' Rs. 938. There are 4 Command Controllers and 7 Class I officers of whom all but one are Europeans. The gazetted officers of the Subordinate Service number 101 with an average rate of pay of Rs. 678 a month. Among the accountants and clerks the accountants number 464 and the clerks 4,007, the average rate of pay of the accountants being Rs. 367 a month and that of the clerks Rs. 119. Among the officers of the Superior Service out of a total of 66 including 7 officers holding seconded appointments, 38 are Europeans and 28 Indians. Among the Europeans 9 were promoted from the Subordinate Service and among the Indians 4 were promoted from the Subordinate Service. After the Great War it was decided to man the Superior Service of the Department by Indian officers obtained by competitive examination except to the extent of 1/3 of the vacancies which were to be filled by promotions and it is stated in the Army Budget for 1930-31 that the latest and future recruitments are confined almost entirely to Indian civilians. From 1924 there have been 29 vacancies

filled, of which 18 have been by direct recruitment (1 European, 17 non-European) and 11 by promotion. Of those promoted 9 were Europeans and 2 non-Europeans. The direct recruitment of the European is stated to be in accordance with the policy of an occasional direct appointment of this character and, we are told, was made on account of the personal suitability of the officer concerned. Every European recruit means additional cost to Government in the shape of leave privileges, overseas pay and passages. As regards the 101 gazetted officers of the Subordinate Service, the 464 accountants and the 4,007 clerks, they are distributed as follows :—

Gazetted officers.		Accountants and Clerks.
10	Factories.. ..	473
..	Medical Store Depot	76
5	Military Engineering Service	668
2	Royal Indian Marine	68

and the balance of 84 gazetted officers and 3,186 accountants and clerks is in Commands and Districts. By the proposed amalgamation of the offices of Controller of Military Pensions Accounts at Lahore and Mhow with that of the Controller of Military Accounts at Lahore District it is stated that one Superior Service officer and 1 gazetted officer of the Subordinate Service will not be required together with 12 clerks and it is also stated that by reducing the strength of the leave reserve 2 Superior Service officers may be dispensed with. The other proposals recommended by the Military Accountant General dealt with below contemplate a reduction of no further Superior Service officers but of 8 gazetted officers and 454 accountants and clerks. Although some of the recommendations involve reduction of accountants and clerks even to the extent of 230 in one instance, no reduction of Superior Service officers and a reduction of only one gazetted officer is contemplated. Of the 9 gazetted officers proposed to be reduced seven are expected from an experiment which is proposed to be made mainly by delegating to superintendents functions of lesser importance. It is therefore noticeable that, notwithstanding the proposal to take away 466 clerks and accountants or rather, excluding the one case with 12 clerks, 454 accountants and clerks out of a total of 3,186 clerks and accountants there is no corresponding reduction either of gazetted officers of the Subordinate Service or of officers of the Superior Service. And this becomes all the more noticeable in the light of later proposals (not however recommended by the Military Accountant General) which would have involved a reduction of additional clerks to the extent of 477 without any further reduction either of gazetted officers or officers of the Superior Service. We have to advert to this at once as we have pointed out to witnesses more than once in the course of our inquiry a retrenchment policy and programme which do not touch the officers to any appreciable extent but merely affect clerks and accountants is bound to arouse, as it has already done, bitterest opposition to any scheme of retrenchment and place the Committees and Government in a most awkward position. The accusation is bound to be made "the proposals for retrenchment come from officers and they take care to save their own cadre whether European or Indian". Unless we take care and every care to avoid any cause reasonable and plausible for such accusation, we are bound to fail in effecting economies. We on our part are determined to see that justice is done in all directions impartially.

We cannot find any system or policy on which the strength of the superior staff is fixed in relation to the strength of clerks and accountants. In the Quetta Command there are only 312 clerks and 35 accountants with 9 gazetted officers of the Subordinate Service, 3 Superior Service officers and 1 Command Controller. The Controller of Military Accounts at Lahore is a Class I officer, while in every other District there are only Class II officers. In Rawalpindi there are 875 clerks and 101 accountants, with a Command Controller and one Class I officer. Bat Poona and Meerut with only 504 and 495 clerks and 60 and 57 accountants respectively, have the equal privilege of having a Class I officer as well as the Command Controller. It should be noted that the average difference in pay between the two classes is Rs. 760 a head a month.

3. In the course of our examination, a suggestion was made that the Military Accounts Department should be placed under the control of the Auditor General. At present the Auditor General, in order to carry out his statutory obligations, has under him a Director of Audit and a staff to carry out a test audit of the army accounts. It is suggested that, if the accounts were directly under the Auditor General, as accounts of the Civil departments are, this test audit would be unnecessary, and the cost of the staff of the Director of Army Audit costing Rs. 4½ lakhs would be saved. The question is however one which is intimately connected with the control of Army expenditure, and we propose to defer dealing with it until we report on the general question of financial control.

4. We have had before us the following list of economies which have already been considered and decided, or practically decided, by the Military Accountant General :—

(i) By various adjustments of work, by the introduction of machines and by reason of the closing of the Factory and the Arsenal at Madras the Military Accountant General was able to reduce his establishment by June 1931 from that authorised on 1st April 1931 by 1 gazetted officer and 61 accountants and clerks.

(ii) When the new system of pension audit has been got into working order, there will be a reduction of :—

52 accountants and clerks

who were engaged in connection with establishing the new system.

The saving will take full effect by December 1931.

(iii) When the extra work in connection with Burma is finished there will be a saving of 14 accountants and clerks.

(iv) The dispensing with the reconciliation of amounts due on account of payment issues as shewn in priced store accounts with the amounts recovered as shewn in cash compilations. This will save 13 accountants and clerks.

(v) The abolition of Repair Allotment and Equipment Allowance schemes will save 11 accountants and clerks.

(vi) The amalgamation of the offices of the Controllers of Military Pension Accounts, Lahore and Mhow with that of the Controller of Military Accounts, Lahore District will save:—

1 Superior Service officer.

1 Gazetted Officer of the Subordinate Service.

12 Accountants and clerks.

As regards (vi) we understand it is proposed to convert Lahore District into the status of a Command Controller's office as regards pay. This means an addition on the average pay of a Class I officer of 550 rupees a month and on the maximum of Rs. 450. The reduction in the status of the Command Controller, Quetta, to that of a Class I officer which is taking place simultaneously has, in our opinion, to be judged on its merits. As will be seen from the figures given previously the Quetta Command Controller has under him 3 Class II officers and 9 gazetted officers, 35 accountants and 312 clerks, and we consider the charge is not too heavy for a Class I officer. As regards the Lahore office, the addition of the two pension accounts offices involves an addition of responsibility but we think this would be adequately met by extra pay of 200 rupees a month in addition to the ordinary pay of a Class I officer, and should not carry with it the status of a Command Controller.

Subject to the qualification in regard to number (vi) and to the condition regarding Superior Service officers referred to later in paragraph 7 we accept the Military Accountant General's proposals.

5. We have also had before us the following proposals for economies which the Military Accountant General recommends:

(i) The dispensing with the reconciliation of the amount paid for stores purchased as shown in the cash compilation with the value of the stores taken on charge as shown in the priced store accounts. This would save 12 accountants and clerks, but has not been concurred in as yet by the Auditor General. We recommend that this proposal should be adopted.

(ii) The abolition of the present scale of audit of Army staffs and establishments and the substitution, in lieu, of a check of figures furnished by the administrative authorities against sanctioned strengths.

This proposal would save—

10 accountants and clerks.

We do not recommend this proposal.

(iii) The grant of authority to Controllers to curtail audit check in unit sections of their main offices. This would result in a saving of—

42 accountants and clerks.

We recommend that this should be tried in selected offices and a final decision taken with the concurrence of the Auditor General.

- (iv) The grant of authority to Controllers to curtail audit check in the Miscellaneous and Establishment Sections of their main offices. As the majority of the accounts are not prepared by the Military Accounts Department personnel the curtailment of this audit check would involve an element of risk. The Military Accountant General recommends that experiments in this direction should be carried out before a decision is reached. The proposal if adopted in full would save :—

22 accountants and clerks.

We agree that experiments on a small scale might be carried out, if the Auditor General agrees, and recommend that a decision should be taken as the result of the experiments in consultation with the Auditor General.

- (v) The grant of authority to Controllers to curtail audit check of store accounts of combatant units that are audited locally.

We are informed that the curtailment would involve some risk as the store accounts concerned are not prepared by the Military Accounts Department personnel and the Military Accountant General considers that experiments should be carried out in the direction proposed before a decision is reached. The full proposal would result in a saving of :—

20 accountants and clerks.

We agree that experiments on a small scale should be carried out, if the Auditor General agrees, and recommend that a decision should be taken as a result of the experiments in consultation with the Auditor General.

- (vi) A reduction in the number of gazetted officers of the Subordinate Service. The Military Accountant General is experimenting with a view to dispensing with certain of these officers, saving 7 gazetted officers of the Subordinate Service.

We recommend this reduction.

- (vii) Reduction of leave reserve authorized for officers of the Superior Service. At present a leave reserve of 25 % of the 44 duty officers is authorised. In view of the Indianization of the department the Military Accountant General considers the leave reserve could be reduced by 2 Superior Service officers.

We recommend that the leave reserve be reduced by 6 from 11 to 5. The balance of the leave reserve of 9 now recommended by the Military Accountant General should be held in the rank below, viz., gazetted officers of the Subordinate Service who, when acting for Superior Service officers on leave, should receive their ordinary pay plus 10 % within the limit of the minimum of the grade in which they are acting. We may add that we had the advantage of reading the report of the Sub-Committee which dealt with Civil Accounts Offices and we agree with the observations in paragraph 67 of their report.

(viii) The abolition of priced store accounts in arsenals and ordnance, clothing and supply depots. At present in these establishments, in addition to the various quantitative ledger accounts of stores kept by the administrative departments, a complete duplicate account, fully priced, is kept by the Military Accountant General's Department. The summary of these accounts appears as the Stock Account of the Army in Appendix E of the Appropriation Account. It has been suggested to us that the retention of this priced account is now unnecessary. Its uses are for financial control and for the information it gives to the public, but it has been represented to us that financial control can now be adequately maintained by a much less elaborate system of the pricing of annual balances of selected items and that the information so obtained would probably meet all reasonable public requirements. It has further been pointed out that in the United Kingdom as the result of a specially appointed committee, of which the president and a member were members of the Public Accounts Committee, even a complete annual valuation of Army stocks (a considerably less elaborate process than a priced store account) was decided to be unjustifiable in view of the cost involved, and following on the recommendation of that committee information is only given in the British Army Appropriation Account of the value of certain items. The saving on the abolition of these priced store accounts, after making allowance for the necessary audit of the administrative store accounts, is estimated at 230 clerks.

While we are inclined to think that the present system is too detailed, with the exception of one we consider the matter requires further examination and discussion with the Accounts officers and therefore make no recommendation at present.

With the exception of one of us, our acceptance of the recommendations proposed by the Military Accountant General referred to above is conditional upon a reduction also in the superior staff, both officers of the Superior Service and gazetted officers of the Subordinate Service. In addition to the 3 officers covered by the Military Accountant General's proposals and in addition to the additional reduction of the leave reserve we have proposed, there should be a further reduction of 2 Superior Service officers and of 5 gazetted officers of the Subordinate Service. In the case of the Royal Indian Marine, our view is that it is not necessary to keep an officer of the Superior Service grade and, if amalgamation with Poona is not possible, a gazetted officer of the Subordinate Service should be sufficient.

5. We have also had before us certain possibilities of reductions which are not recommended by the Military Accountant General either because of the risk or because of the loss of efficiency which they involve. We make no recommendation in regard to these possibilities but we may consider again

the necessity for two accountants in British units when we have had an opportunity of examining the system further.

6. We have considered the possibility of economies by the amalgamation of certain offices :—

- (i) We recommend the amalgamation of the Madras office with the Poona office unless, for reasons which are not at present before us, it should prove impracticable.
- (ii) We recommend that the possibility of distributing the work of the Presidency and Assam office among other offices should be seriously examined.
- (iii) We recommend the amalgamation of the R. I. M. office, Bombay, with Poona.
- (iv) We propose to consider further the possibility of reducing by amalgamation the Command offices when we consider the Staffs of Commands.

7. In the course of our discussions it has been suggested to us that the Department would be strengthened by the introduction into the gazetted officer grade of some young directly appointed officers with high educational qualification. We recommend that a percentage of appointments to this grade should be filled by competitive examination on the lines of other competitive examinations or, in the view of some of us, by selection and the balance as now by promotion.

8. We have considered the possibility of economy by reductions in pay allowances, etc.—

- (i) So far as pay is concerned, our recommendations are contained in the general recommendations at the end of this report.
- (ii) We have been struck by the large number of cases in which duty allowance and local and compensatory allowances are granted. We consider that in principle these allowances are generally speaking open to objection and we recommend that they should be reduced to a minimum and reviewed in the light of the fall in prices.

We shall refer to the question of Lee concessions in our later report.

9. We have had brought to our notice the possibility of economy by some simplification of factory accounts. We think that this question should be examined by some expert with practical experience of factory management and accounts assisted by departmental representatives. A start should be made in Calcutta, the expert being obtained locally, if possible, and any improvement decided on in regard to those factories could then be adapted to the other factories.

10. Two other questions which have come to our notice,—the possibility of securing economies in the accounts for the Military Engineer Services and by means of simplification of regulations and procedure notably in those services—we propose to consider further and to deal with when we consider in greater detail the Military Engineer Services.

SUMMARY OF RECOMMENDATIONS.
Military Accounts Department.

Recommendation.	Initial saving.	Recurring saving.	Saving in 1932-33.
1. By various adjustments of work, by introduction of machines, by reason of closing of Factory and Arsenal at Madras, the Military Accountant General has been able to reduce his establishment by 1 gazetted officer and 61 accountants and clerks	1,13,500	1,13,500
2. On the new system of pension audit being got into working order reduction of 52 accountants and clerks	90,000	90,000
3. On completion of extra work in Burma saving of 14 accountants and clerks	24,000	..
4. Dispensing with reconciliation of amounts due on account of payment issues as shown in priced store accounts with the amounts recovered as shown in cash compilations, saving 13 accountants and clerks.	22,500	22,500
5. Saving resultant on abolition of repair allotment scheme 11 accountants and clerks	19,000	19,000
6. Amalgamation of offices of Controllers of Pension Accounts, Lahore and Mhow and of Controller of Military Accounts, Lahore District, the Controller of the enlarged office to be a 1st Class officer <i>plus</i> Ra. 200 a month. Saving 1 Superior Service officer, 1 gazetted officer, 12 accountants and clerks	42,000	42,000
7. The Command office at Quetta to be reduced to a 1st Class officer's appointment		
8. Dispensing with reconciliation of amounts paid for stores purchased as shown in the cash compilation with value of stores taken on charge in priced store account. Saving 12 accountants and clerks	20,000	20,000
9. A trial to be made of the proposal to curtail audit check in Unit sections of main offices. Saving ultimately 42 accountants and clerks (if scheme is adopted)..	(Ultimately) 72,500	..
10. If Auditor General agrees, a trial on small scale to be made of proposal to curtail audit in the Miscellaneous and Establishment sections of main offices. Saving ultimately 22 accountants and clerks (if scheme is adopted)	(Ultimately) 38,000	..

Recommendation.	Initial saving.	Recurring saving.	Saving in 1932-33.
11. If Auditor General agrees, a trial to be made on a small scale of proposal to curtail audit check of store accounts. The full proposal would result in a saving of 20 accountants and clerks	(Ultimately) 34,500	..
12. Reduction of gazetted officers of the Subordinate Service, by authorizing superintendents to deal finally with matters of less importance of a routine nature	57,000	..
13. *Reduction of leave reserve of Superior Service officers from 11 to 5: the balance, if necessary, being made up by a "leave reserve" in subordinate gazetted officers, who would act when a Superior Service officer was on leave and receive pay of their own rank <i>plus</i> 10%, not exceeding the minimum of the grade in which they would be acting. This leave reserve in the lower grade would not exceed 4 in any case, as the leave reserve of 11 can be cut down to 9 owing to Indianization of the department	32,000	32,000
14. *The above reductions should be conditional on reduction of a further 2 Superior Service officers and 5 gazetted officers of Subordinate Service	53,000	53,000
15. Amalgamation of Madras office with Poona
16. Amalgamation of R. I. M. office, Bombay with Poona
17. Introduction of directly recruited university graduates into a proportion of vacancies of gazetted officers of the Subordinate Service	No financial effect.	..
18. Duty allowances, local and compensatory allowances are in principle open to objection. They should be reduced to a minimum and reviewed in the light of the fall in prices	1,00,000	..
19. The possibility of economy by simplification of factory accounts should be examined in Calcutta by an outside expert, obtained locally if possible, assisted by departmental representatives
Total	7,18,000	3,92,000

* Majority recommendations with one dissentient.

CHAPTER XI.—CANTONMENTS.

The administration of the 90 cantonments is carried out under the provisions of the Cantonments Act of 1924 by officers of the Cantonments Department who are paid from Army funds. The cost in 1913-14 is shown by the Inchcape Committee to be about Rs. 13 lakhs. The estimate for the current year is Rs. 20,77,000 from which may be deducted receipts of Rs. 4,19,000 on account of military lands, leaving the net expenditure at about Rs. 16½ lakhs.

2. The superior establishment of the Department is stated to be as follows :—

- 1 Director, Military Lands and Cantonments.
- 4 Inspecting Officers.
- 3 Assistant Inspecting Officers.
- 34 Executive Officers with King's Commissions.
- 7 Executive Officers holding Viceroy's Commissions.
- 11 Military Estates Officers.

3. The inspecting officers are advisers to the military authorities of the Commands on all matters connected with the administration of cantonments and military lands. We are informed that, as inspecting officers, they have to be away from headquarters for about 15 days a month and that it is necessary in three Commands to have Assistant Inspecting officers.

We are not convinced of the justification at the present time for 8 administrative officers for Headquarters and Commands and we recommend that the inspecting staff should be reduced to four, of whom two should be of the assistant grade. The saving would be about Rs. 65,000 a year.

4. As regards the executive officers with King's Commissions, we consider that the cost of the service is excessive for the class of work performed which appears to us to be much of the same nature as that performed in the civil administration of India by officers of the Deputy Collector's grade who draw approximately Rs. 250—850 a month. The present Viceroy's commissioned officers in the department get Rs. 400—20—500 and we consider that this class should be more extensively employed and also that civil officers of the Deputy Collector's grade should be recruited in future vacancies on a basis of 50 per cent. from each class. If all the 34 executive appointments now held by officers with King's Commissions were so filled, the ultimate saving in pay and allowances would be at least Rs. 2,25,000.

5. Military Estates officers are employed for the management of military lands both inside and outside cantonments in the best interests of the State. We were informed that since this system was adopted, the recoveries from lands in the form of rents have increased from Rs. 5,25½ in 1924-25 to Rs. 4,19,000 at the present time. With the completion of the land registers the staff will be capable of reduction and we understand that some reduction will be possible next year and that further increases in revenue may be expected. The present cost of Rs. 3,67,000 for this establishment is a heavy charge for the administration and collection of Rs. 4 lakhs of revenue and we recommend

that a reduction be made at an early date by at least one lakh of rupees. This should be effected in part by the employment of civil officers of the class to which we have referred above who are skilled in land administration. We are unable to understand why officers of military rank on high rates of pay are deemed to be necessary for the duties which this lands establishment performs.

6. We have been informed that about Rs. 10 lakhs a year are lost through the absence of proper metering of the water supply in cantonments and that to secure effective control an outlay of some Rs. 30 lakhs would be necessary for the supply of meters. We consider that a programme should be drawn up to spread the outlay over a number of years and that this expenditure is of a nature which could justifiably be charged to loan funds.

7. In 1930-31 grants-in-aid were paid to certain cantonments to the extent of over Rs. 2 lakhs and the current year's estimates also provide for a like sum. Up to the present date about Rs. 70,000 have been sanctioned for 17 cantonments. The policy, we understand, is that cantonments which cannot maintain a suitable standard of municipal administration on the income derived from local sources are assisted by grants-in-aid. We recommend that the position be reviewed and that the expenditure on this head be reduced either by lowering the cost and standard of administration, which we hold to be very high generally in cantonments, or by increasing local resources and that a saving of at least one lakh of rupees be effected next year.

CANTONMENTS.

Summary of Recommendations.

Recommendations.	Initial saving.	Recurring saving.	Saving in 1932-33.
	Rs.	Rs.	Rs.
(1) Reduction of three inspecting officers	65,000	65,000
(2) Gradual substitution of Indian officers for executive officers with King's Commissions	2,25,000	..
(3) Reduction of military estates expenditure	1,00,000	1,00,000
(4) Reduction of present loss in water supply (no estimate available)
(5) Reduction of grants-in-aid	1,00,000	1,00,000
Total	4,90,000	2,65,000

CHAPTER XII.—MISCELLANEOUS SERVICES UNDER THE ADJUTANT GENERAL.

Rest camps.—Rest camps are maintained to accommodate troops and their families at rail head on their way to hill and frontier stations. We are informed that some of them, e.g., Kalka and Rawalpindi, are kept open in the summer only; others e.g., Bannu, are kept open all the year round. We are also informed that two emergency camps at Deolali and Karachi are being abolished. The staff on page 166 of the Army Budget is shown as costing over Rs. 29,000, and as consisting, in addition to three British other ranks and three Indian officers and other ranks, of 70 followers. We think this number of followers is high and should be reviewed.

Move to Hill Stations.—We have been informed that British troops have been stationed to a certain extent in hill stations with their families during the hot weather for very many years, but that in 1924 owing to the large number of admissions to hospital on account of malaria, it was decided to introduce the policy of utilizing to its maximum extent all available accommodation in the hills during the most dangerous malarial months, i.e., August, September and October. That policy has been increasingly applied. We understand that now it is the aim to send practically all men of units stationed in certain stations in the plains to the hills for part of the hot weather. The policy of these moves involves expenditure on staff, transportation, conservancy, water supply and rent of accommodation. Hospitals and schools are opened and dairy farms are transferred from the plains to supply milk to the troops. We have been informed that the cost of staff, etc. (as shown on page 162 of the Army Budget), together with the cost of transportation, conservancy, water supply and rent of buildings comes to over Rs. 10,80,000 a year. We understand that, so far as the troops and their families are concerned, the annual move to the hills is not entirely popular. While we appreciate the value for reasons of health of this move and have not overlooked the medical statistics furnished to us in this connection, we consider that, having regard to financial and other conditions, considerable reduction should be made in the scope and cost of the present policy.

We accordingly recommend that the cost, as given above, should be reduced to a total of Rs. 5 lakhs a year: that within that cost moves should be granted to cases sent on medical certificate, young soldiers under 21 years of age in their first year's service and families with young children (if accommodation is available). After provision has been made for these categories we recommend that cases should be sent at the discretion of the local military authorities subject to a limit of cost of Rs. 2 lakhs and to the general overriding limit of Rs. 5 lakhs. The practice of hiring accommodation should cease.

Followers.—The number of followers is over 38,000. Approximately half are Class I followers who receive uniform, pay and rations or an allowance, qualify for pension and are liable to serve anywhere. Class II followers are locally engaged at market rates and do not move with their own units from station to station. Followers are engaged on duties as cooks, kotwals, saddlers and shoemakers, tailors, water carriers, syees, blacksmiths etc. The numbers

employed are large, and the aggregate cost must be heavy. To reduce that cost we make the following recommendations :—

- (a) In all cases where it is possible, *e.g.*, carpenters, tailors, etc., followers should remain at one station and not move with units. (We understand that this proposal will involve a change in the present procedure of enlistment).
- (b) As regards tailors and bootmakers, we understand that at present these are provided for units, in some cases as combatants, in some cases as followers. So far as bootmakers are concerned, there can be little work in peace that is chargeable to the public: most of it is repair work for the men, for which they should pay out of their clothing allowance: so far as tailors are concerned, some of the work is chargeable to the public, *e.g.*, repair of great-coats, while some is chargeable to the men, *e.g.*, repair of personal clothing. The cost of the work chargeable to the men should under regulation be credited to the public.

In the course of our enquiry we found reason to believe (though the facts are somewhat obscure) that it is doubtful whether full credit is in fact being given to the public. We recommend that steps should be taken to ensure that this is done. If the amount recovered from the men is not commensurate with the cost of the tailors and shoe makers (allowing for work properly chargeable to the public) it would be for consideration whether provision for them on the establishment would be justifiable, or whether the men should not make their own arrangements with outside contractors.

- (c) *Blacksmiths*.—The officiating Adjutant General in the course of discussion undertook to examine the number of blacksmiths and we reserve consideration of this question.
- (d) *Water carriers*.—We were informed that, as water is now laid on in most stations, a lesser number of water carriers is necessary in peace than formerly: but that in mobile units the number of water carriers maintained depends largely on the number required for mobilization requirements or internal security purposes. We recommend that the number of water carriers so maintained should be revised and reduced, and that, so far as possible, mobilization requirements should be met by engagements at the time. In so far as these requirements must be provided for in advance, and in so far as the number of carriers required in peace at stations where water is not laid or does not meet those requirements, we recommend that recourse should be had to reservists or to a pool maintained for immediate mobilization needs.

Miscellaneous donations and grants-in-aid to institutions.—An item of Rs. 63,000 is included on page 166 of the Army Budget for this purpose. We recommend that during the present financial stringency grants-in-aid should

not be given, except in special circumstances to institutions having a definite present military value.

Recruiting Staff.—The staff consists of 9 recruiting officers and 13 assistant recruiting officers (unseconded), with 3 assistant recruiting officers for certain months in the year. There are 157 Indian permanent recruiters and a clerical staff of 42 Indian ranks. The provision for this establishment (apart from the unseconded officers) is given on page 160 of the Army Budget, approximately, as Rs. 3,39,000. The cost under this head has increased from Rs. 3,06,000 in 1922-23 to the present figure, an increase due mainly to the appointment of lieutenant-colonels as recruiting officers. With one exception, we recommend, in order to reduce the cost, that the staff should in future consist of three British officers (one major and two captains) and six Indian officers with Viceroy's Commissions. It has been suggested that Indian Viceroy's Commissioned officers would not be altogether suitable for much of the administrative work involved: but we suggest that this difficulty might be overcome by a revision of the areas, and by the British officers supervising and assisting the Viceroy's Commissioned officers.

Vocational Training.—Provision is made on page 166 of the Army Budget of Rs. 43,600 for the pay and allowances of the two officers in Commands and their staff who assist Commands in the organisation and administration of vocational training. The majority of us recommend on the same general grounds as those we have mentioned in connection with Educational Training that vocational training should not be provided at the expense of Indian funds, and we recommend that no provision for this staff should be included in the budget.

Reserve of officers.—The total establishment is 1,850 of various categories and the actual strength is 1,663. Officers on the reserve receive a retaining fee of Rs. 200 a year. They receive an initial outfit allowance of Rs. 400. They are called up for training annually or biennially, which involves considerable expenditure on pay and travelling. We think that savings should be made in the cost of this reserve and that, in present circumstances, the numbers should be reduced. We recommend that a reduction of 50 per cent. should be made in the numbers of this reserve and that it should be confined to those with technical qualifications—mechanical engineers, doctors, veterinary surgeons—and, in the fighting arms, to those who have served with regular fighting units and have the necessary military qualifications. For remounts we recommend that the reserve be limited to those who have served with the remount department and are required immediately on the outbreak of war. For recruiting, animal transport, supply and miscellaneous duties we recommend that no paid reserve should be retained. If necessary we suggest that a register of names should be kept of those willing to take commissions on mobilization. There should be a saving under our recommendations of at least Rs. 3 lakhs a year.

Reservists.—These number over 35,000 belonging to fighting units, (apart from some 10,000 in other units), and consist of Class A reservists—those who have recently left the colours and who are required to complete units on mobilization—and Class B reservists—those who have left the colours less recently and are required to replace wastage on mobilization. The former receive a retaining fee of Rs. 7 a month and are trained annually for one month when they receive

full pay and travelling allowances: the latter receive a retaining fee of Rs. 4 a month and are trained biennially. In the present financial stringency we would ask the military authorities to consider whether the training of Class A reservists might not be biennial and the training of Class B reservists suspended.

Miscellaneous Allowances.—These consist of a large number of allowances which, as indicated on page 30 of the Army Budget, amount to the large total of 21½ lakhs. They include such varied items as band allowance, mess allowance, charpoy allowance, weapon allowance, fuel allowance for carriage work in R. A. units. It has been impossible for us to examine each allowance in detail and we recommend that they should be individually reviewed in the light of present financial circumstances and the fall in prices and a reduction in the total of 10 per cent. (Rs. 2 lakhs) effected.

ADJUTANT GENERAL.—*Miscellaneous Services.*

Recommendations.	Initial saving.	Recurring saving.	Saving in 1932-33.
	Rs.	Rs.	Rs.
1. Rest camps. Emergency Rest Camps at Deolali and Karachi should be abolished, as proposed by the Quarter-Master-General. The establishment at the other camps should be reviewed with a view to reduction	11,500	11,500
2. Hill depots. Moves to the hill stations should be confined to a cost of 5 lakhs covering establishment charges, transportation, conservancy and water supply. Within that cost moves should be confined to cases of medical certificate, young soldiers under 21 in their first year's service, families with young children (if accommodation is available). After provision has been made for these categories, subject to a limit of Rs. 2 lakhs and within the general limit of Rs. 5 lakhs, cases may be sent at the discretion of the local military authorities	5,80,000	5,80,000
3. So far as possible, e.g., in the case of carpenters, tailors, blacksmiths, etc., followers should remain at their own station when units change over	No estimate yet possible.	..
4. Bootmakers and tailors should only be provided on the establishment of units provided that the full cost is recovered by means of charges for repairs, etc., executed for the men, less any cost of work carried out for the State	1,00,000	1,00,000

Recommendations.	Initial saving.	Recurring saving.	Saving in 1932-33.
	Ra.	Ra.	Ra.
5. The number of water carriers should be reduced having regard to the stations at which water is laid on. If the numbers necessary for troops at other stations are not sufficient for mobilization requirements the balance should be met by a pool or reserve	No estimate yet possible.	..
6. Grants-in-aid to institutions and charitable allowances. These should cease under present circumstances unless the institutions concerned have a definite present military value	30,000	30,000
*7. The present recruiting staff should be reduced from 9 British recruiting officers to 3 British officers and 6 Viceroy's Commissioned officers	20,000	..
*8. Vocational training. This should be discontinued	43,000	43,000
9. Reserve of officers. The total should be reduced by 50 per cent. It should be confined to those with technical qualifications (doctors, mechanical engineers, veterinary surgeons) or in the case of fighting services to those with military qualifications who have served with regular forces	3,00,000	3,00,000
10. Reservists. It should be considered whether during the present financial stringency Class A reservists should be trained only every other year and the training for Class B should be suspended
11. The various miscellaneous allowances should be examined in detail having regard to fall in prices and financial stringency and a 10 per cent. cut should be made	2,00,000	2,00,000
Total	12,84,500	12,64,500

* Majority recommendations.

CHAPTER XIII.—KIT AND CLOTHING ALLOWANCE.

The kit of the soldier is divided into three classes—

- (i) Personal clothing such as boots, jackets, trousers or shorts.
- (ii) Public clothing such as greatcoats.
- (iii) Necessaries such as underclothing and toilet materials.

A complete kit is supplied to each soldier on enlistment. Public clothing is replaced when unserviceable through wear and tear. Articles of personal clothing and necessaries are maintained by the soldier out of a money allowance credited to his account for the purpose.

From this allowance also he pays for such services as the washing of clothes, hair cutting, etc.

It is the essence of the scheme, which has for its object the encouragement of careful treatment of clothing and uniform, that the careful soldier should be able to meet these expenses and have a moderate margin in hand.

For the replacement of his personal clothing and necessaries the soldier is expected to purchase from Ordnance Stores, by which articles of standard patterns are supplied, and the money allowance which the soldier receives is fixed in relation to the prices charged for articles issued from Ordnance Stores.

The total amount included in the Army Estimates for 1931-32 on account of kit and clothing allowance is approximately Rs. one crore, 21 lakhs, and for 1930-31 was approximately Rs. one crore, 20 lakhs. The amount received on account of sales of clothing and necessaries from Ordnance Stores during 1930-31 was Rs. 45 lakhs.

It will be seen from these figures that nearly two-thirds of the allowance is not spent in purchases from Ordnance Stores. This does not mean that the whole of the balance remains with the soldier as profit. Against that balance must be charged repairs, washing of clothing, and hair cutting, and we are also informed that, despite the general rule to the contrary, purchases are undoubtedly made from outside sources instead of from Ordnance Stores. But allowing for this, it would seem as though there were room for economy in the allowance. A few years ago, we are informed, the kit and clothing allowance of the Indian soldier was reduced by 15% but the same cut was not applied in the case of the kit and clothing allowance of the British soldier. We recommend that this cut should now be made. We feel that there is the more justification for this because the portion of the allowance attributable to the upkeep of necessaries is, we understand, based on the rates in England and not on the present prices of the articles in India, making a difference of some 7 rupees a year in the soldier's favour, while the portion designed to meet the expenses of hair cutting and washing of clothing is also not based on Indian prices. The saving by a 15% cut on the rates of British soldiers' kit and clothing allowance would be approximately 9,00,000 rupees.

In the case of Indian troops, we think that there is a case for the reduction of the mufti allowance given in respect of each recruit.

This allowance, designed to provide 2 coats, 2 pyjamas, 2 pagris and 1 pair of shoes, was introduced in 1921 when the rate was fixed at 22 rupees. In 1923 the rate was reduced to 20 rupees but it has not since been revised. In view of the fall in prices, we recommend a reduction to 18 rupees, saving approximately some 40,000 rupees a year.

The amount of the allowance, so far as the replacement of articles is concerned, naturally depends partly on the life assigned to the various articles. We recommend that those lives should be carefully reviewed in the case of both British and Indian troops: (we deal specifically with the lives of certain articles later in this section). That there are grounds for doing so, there is some evidence in the statistics regarding the issues of boots. The life assigned to a pair of boots is a year, and, allowing for recruits who receive a free issue in their first year, issues on payment might have been expected to total over 180,000 pairs a year: but we are informed that such issues averaged only 49,000 over a period of three years. Even taking into account the probability that many purchases are not made from Ordnance Stores, there still seems a discrepancy which suggests that the life of the boot has been underestimated.

Apart from the amount of the allowance fixed in relation to the articles which are at present required to be maintained, we have considered the possibility of economy by alterations of the scale of articles, or by transferring certain articles from the scale of personal to that of public clothing. We have not of course been able to make a detailed or exhaustive examination but the following points have suggested themselves to us.

In the scale for British troops we recommend that gloves and cap comforters should be removed from the scale: and that for cold stations and in the cold season, they should be issued as public clothing. We estimate a saving of some 50,000 rupees a year.

In the scale for Indian soldiers we recommend the substitution of one pair of chaplis for one pair of boots (leaving one pair of boots in the scale), and we estimate the normal annual saving as some 10,00,000 rupees.

In the scale of clothing for Class I followers we recommend the substitution of chaplis for boots, saving in the normal some 60,000 rupees annually, the issue of socks only at cold stations and the reduction of the scale of issue to one pair, saving in the normal some 15,000 rupees annually and the substitution of a *mirzai* lined with cotton for the jersey pullover at present issued. (We have not been able to estimate the saving of this last recommendation). We realize that if the substitution of chaplis for boots is accepted, it may be necessary to delay the introduction of the scheme until present stocks are exhausted.

As regards the transfer of articles from the category of personal to that of public clothing, there are two articles, blankets and durries, in which we think that this might advantageously be done. At present these articles are issued as personal to the soldier and become his property: and an annual allowance, based, in the case of blankets, on a five year life and, in the case of durries, on a six year life, is issued. If these articles become "public", fresh issues would only be made when a blanket was worn out (though for purposes of control no

doubt a normal life would be assessed) and in any case the residual value would accrue to the State. That there is at present a loss in this respect may be illustrated by what we understand is the position in regard to the Royal Air Force. An airman, it is understood, remains at present only about some 3 years in India, and receives on arrival 3 blankets as his personal property calculated to last 5 years. We are aware that the present system was introduced as being more economical than the system of "public" issues, but we are disposed to think that the balance of advantage lies the other way. In any case we recommend that the life of both durries and blankets should be extended to 7 years from 6 and 5 years respectively. We also recommend, as regards the scale of issue of blankets, that this should be reduced from 3 to 2, the military authorities retaining discretionary powers to issue the additional blanket for certain seasons of the year and certain stations. We estimate the normal saving involved in the extension of the life of durries and blankets and the reduction in the scale of issue of blankets as approximately 2,00,000 rupees.

As regards public clothing the most important item is greatcoats. There is one pattern for British troops and one for Indian troops, the difference lying mainly in the material. Greatcoats are replaced at public cost when worn out by fair wear and tear, the life we understand assigned to the British greatcoat being 8 years and to the Indian 5. There is no difference in the pattern at present in use in hot and cold stations, but experiments, we have been informed, are at present taking place with a view to finding a lighter pattern in certain stations. In the case of Indian troops a scheme on profit sharing lines has been in force for the last two years with a view to prolonging the life of the greatcoat: units are given half the cash saving represented by the value of the difference between the number of greatcoats condemned and the normal based on a 5 year life. It is stated that the number of condemnations of greatcoats and coats warm has dropped under the scheme from 36,702 and 5,188 respectively in 1927-28, and 26,911 and 5,413 in 1928-29, to 23,668 and 4,928 in 1929-30 and 23,448 and 4,967 in 1930-31.

As regards the profit sharing scheme, we recommend that this should be carefully watched with a view to ensuring that direct financial saving does in fact accrue to the State. In particular we recommend that consideration be given to the question whether the present system of assigning a life for the purpose of the scheme, based on the average over all India, is fair to the State: or whether it does not result in excess profits being made by units stationed in hot stations. In any case we recommend that the life of the greatcoat for the purpose of the scheme be extended to 7 years (estimated normal saving 1,50,000 rupees). We also recommend that, unless costs of administration make the proposal uneconomical, a lighter pattern of greatcoat should be introduced for use in hot stations, and also that the British pattern greatcoat should be withdrawn from British troops on arrival in India, the Indian pattern being issued in its place and the British coats being sent back with departing troops.

SUMMARY OF RECOMMENDATIONS.

Kit and Clothing Allowance.

Recommendations.	Initial saving.	Recurring saving.	Saving in 1932-33.
1. Reduction of the kit and clothing allowance of British troops by 15%	9,00,000	9,00,000
2. Reduction of Mufti allowance to Indian recruits from 20 rupees to 18 rupees	40,000	40,000
3. Review of life assigned to various articles
4. Removal of gloves and cap comforters from scale of issue for British troops: except for issue as public clothing at cold stations and in cold seasons	50,000	..
5. Substitution of one pair of chaplis for one pair of boots for Indian soldiers..	10,90,000	5,00,000
6. Substitution of one pair of chaplis for the pair of boots issued to followers..	60,000	..
7. In view of the recommendation to substitute chaplis for boots for followers, issue socks only at cold stations and reduce the scale to 1 pair	15,000	..
8. Consider substituting a <i>mirzai</i> lined with cotton for the jersey pullover issued to followers
9. Conversion of blankets and durries from personal to public clothing and extension of the life from 5 and 6 years respectively to 7	50,000	..
10. Reduction of issue of blankets from 3 to 2, except at cold stations and in cold climates where additional issue should be at the discretion of the local Commander	1,50,000	1,50,000
11. Extension of the life of the greatcoat under the greatcoat scheme from 5 to 7 years and watching the financial effect of the scheme	1,50,000	..
12. Unless cost of administration makes it uneconomical a lighter pattern greatcoat should be introduced for wear at hot stations
13. Provide British troops on arrival in this country with Indian pattern greatcoats, returning those brought here with returning troops
Total	24,15,000	15,90,000

CHAPTER XIV.—ARMY ORDNANCE FACTORIES.

As already stated, we have paid visits to the Rife and Metal and Steel Factories at Ishapore, the Gun and Shell Factory at Cossipore and the Harness and Saddle Factory at Cawnpore and some of us also visited the Clothing Factory at Shahjahanpur. We have taken a considerable amount of evidence and collected much information on the administrative and financial systems of these factories. Our terms of reference invite us to express our opinion on the working of each individual factory and we propose, when we resume our enquiry, to carry our investigation further and also, if possible, to visit the remaining factories.

2. When we were in Calcutta, we were informed that the personnel employed in the ordnance factories during peace and the estimated war establishment respectively were as follows :—

—	Gazetted officers other than Superintendents.	Permanent non-gazetted staff.	Permanent clerical staff.	Temporary staff.	Labour force.
Peace ..	42	393	361	1,760	18,000
War ..	48	712	361	2,500	40,000

3. As stated above, we have reserved the questions relating to the Ordnance Department and factories for further and later examination, but on the strength of our inspection of the factories mentioned above and on the information we gathered there, Mr. Benthall, one of our Committee, has left a note, recording his general impressions. We have carefully considered the note and we may say that we are in general agreement with most of his observations ; but we do not propose to make any definite recommendations at this stage on the broad questions of policy, the accounting system, or the future of the factories, especially as we have not yet had the advantage of discussing the matter with the Master General of Ordnance and have not, as indicated above, yet visited all the factories. We consider, however, that having regard to the present activities of the factories, some reductions can be made, especially in the inspecting and supervising establishments from officers downwards and also in the general inspection of ordnance stores. Having regard to the present financial position and the desirability of reducing expenditure as early as possible, it is necessary that we should make some definite recommendation pending the fuller examination of the question which we hope to undertake. We therefore recommend that a 25 per cent. cut should be made in the numbers of superior and supervising staff. We understand that the total cost of this staff is over Rs. 20 lakhs of rupees, and consider that this should be reduced by at least Rs. 4 lakhs, as soon as possible. As regards the rest of the staff, we recommend that all possible reductions should be made but the details we would leave to the discretion of the Factory Superintendents under the orders of the Master General of Ordnance.

CHAPTER XV.—MILITARY FARMS.

1. *Grass Farms.*—There are at present 43 grass farms in 9 administrative circles under the control of the Director of Farms. The policy is to provide fodder for all Government animals, to maintain baled fodder for war reserves and to accumulate in good years, when fodder is cheap and abundant, a reserve for bad years.

2. The expenditure has increased as follows:—

1913-14.	1931-32.
43,74,000	66,60,000

Estimated receipts for the current year amount to Rs. 4,10,000.

The establishments for the three years are as follows:—

	1914.	1922.	1931-32.
Officers	14	18	15
British Managers	45	60	49
Students	5	3	5
Indian Overseers	71	134	90
Clerks, etc.	82	124	123

Since 1914 additional responsibilities have been undertaken; owing to the abolition of the Silladar system, supplies of fodder are now made to all Indian Cavalry units, and supply to Sind, Baluchistan and other frontier areas has been undertaken. On the other hand, mechanisation has reduced materially the number of animals supplied. In 1929-30 the quantity of fodder dealt with was 192,000 tons of which 88,000 tons were produced on the farms at a cost of Rs. 28·7 per ton and 104,000 tons were purchased at a cost of Rs. 40·3 per ton.

3. We are informed that it has been decided to delegate the control of Grass Farms to Commands in 1932 and that this will involve a reduction of 3 officers, 7 clerks and some menials with a saving of Rs. 75,000 per annum. We agree to this proposal. We note, however, that after this reduction there will remain a leave reserve of two officers. We see no justification for such a reserve when leave vacancies could be filled by experienced senior managers and we, therefore, recommend the abolition of these two leave reserve appointments. The necessity for 90 Indian overseers should also be examined.

4. It is understood that the training of British students will be discontinued. Though a policy of Indianisation has been accepted, progress has been very slow and we recommend that a more rapid advance be made in this direction by appointing Indian managers to several vacancies which will shortly arise. As the pay of British managers varies from Rs. 590 to Rs. 1,070 and, as in the case of Dairy Farms, Indian managers could be paid Rs. 200—500 a month, a substantial saving would be effected by employing Indian managers only in the future. It is stated that as Grass Farms are part of the military machine and deal directly with units, it is necessary that the staff should bear military rank. All but one of us are unable to accept this view and consider that this department is essentially one of those in which civilian officers should be maintained.

5. As regards reserves, we understand that stocks are maintained as follows :—

	Tons.
Ordinary	70,000
Farm reserves	60,000
Mobilization reserves	12,400

As a result of suggestions made by us during discussion, a further reduction of farm reserves by 20,000 tons will be made, saving Rs. 5,50,000.

6. The trading accounts of grass farms for 1929-30 indicate a net loss of about Rs. 24,000 due to the price charged for issues on payment of about 2,000 tons of fodder. The price is based on an average of quantities and prices of fodder produced and purchased respectively. As issues on payment may have to be made from purchased fodder which is much dearer than produced fodder, it is evident that the price of payment issues should be revised and we recommend that this be done.

II. *Dairy Farms.*—These farms, which are worked on a commercial basis, are intended to provide a safe and reliable supply of dairy produce to hospitals and, on payment, to officers, troops and their families ; and also to messes and other public institutions at rates which, while reasonable, involve no loss to Government. Of the amount of milk produced in 1929-30 (4,647 tons), 23 per cent. went to Government hospitals and institutions and 77 per cent. to other customers. Of the 359 tons of butter, 7 per cent. went to hospitals and 93 per cent. to other customers.

2. The expenditure has varied as follows :—

1913-14.	1931-32.
22,70,000	33,73,000

The staff employed is as follows :—

	1914.	1922.	1931.
Officers	2	6	4
British Managers	39	64	23
Indian Managers .. .. .	..	..	3
Clerks	61	100	88
Indian Overseers and others	24	98	62
Indian apprentices .. .. .	..	..	74

3. In 1914 there were 27 dairies and creameries. Today there are 38 and in addition 6 young stock farms. We understand that, as a result of careful breeding and management, the percentage of cows which gave over 5,000 lbs. of milk per lactation was 47 in 1929-30 as against 1.3 in 1912-13. As a result the number of cows maintained has been reduced from 2,184 to 1,156.

4. We understand that no more British managers will be appointed and the number of Indian managers will be increased as the British incumbents retire. As this policy will effect a considerable saving, we recommend that

it be strictly followed. As regards the control of Dairy Farms we are not satisfied that it could not be combined with that of grass farms under Command control and we consider that this question should be further considered with a view to reduction in the number of controlling officers in the two departments.

5. We were informed that nine farms, mainly in the hills, were run at a loss last year which was stated to be due to abnormal causes. We consider that, wherever any individual dairy is run at a loss, steps should be taken to revise prices or reduce working costs. Further, in the case of supplies to private institutions such as clubs, care should be taken that the prices charged do actually yield a profit.

6. We note that against the expenditure of Rs. 33,73,000 in the current year, the estimated receipts are Rs. 27,10,000. The net expenditure is thus Rs. 6,63,000, but the value of dairy produce issued free to hospitals is estimated at Rs. 8,39,000, which leaves a balance in favour of the Farms of Rs. 1,76,000.

The only further recommendation we have to make is that further outlay on development, buildings, etc., should be postponed till financial conditions improve. The provision for these purposes in the current year is Rs. 1,22,000.

MILITARY FARMS.

SUMMARY OF RECOMMENDATIONS.

Recommendations.	Initial saving.	Recurring saving.	Savings in 1932-33.
	Rs.	Rs.	Rs.
<i>Grass Farms.</i>			
(1) Delegation of control to Commands .. ..	..	75,000	75,000
(2) Revision of price of grass sold (say) .. ..	..	15,000	15,000
(3) Further reduction in leave reserve .. ..	..	20,000	20,000
(4) Replacement of British by Indian Managers (gradual) .. ..	..	2,00,000	..
(5) Reduction of Reserves of fodder	5,50,000	..	3,00,000
(6) Miscellaneous savings .. ..	..	..	18,000
<i>Dairy Farms.</i>			
(1) Further capital outlay to be suspended.. ..	1,22,000	..	1,22,000
Total	6,72,000	3,10,000	5,50,000

CHAPTER XVI.—ROYAL AIR FORCE.

The expenditure on this force in 1914 was inconsiderable as all that existed was a small flying school for training under Indian conditions. By 1922 the expenditure had risen to one crore, 34 lakhs and at the present day stands at 2 crores 20½ lakhs for 8 squadrons. The establishment maintained at the present day consists of 256 officers, 1,953 British other ranks and 1,279 Indian other ranks, clerks and followers.

2. Though it does not lie within our terms of reference to make recommendations on the strength and organisation of the fighting services, we cannot refrain from commenting at this point upon the heavy expenditure on the defence of the frontier where the Air Force is mainly stationed. In addition to the large force of some 50,000 regular troops in the frontier area, there are maintained large numbers of scouts, levies, frontier constabulary, etc., charged against the civil estimates. The total cost charged to these latter estimates under the head "Frontier Watch and Ward" including expenditure on roads of military importance and buildings for the irregular forces amounts, we are informed, to nearly Rs. one crore, 80 lakhs, for the current year. When the organisation of the Air Force was reviewed in 1922 and the present strength of eight squadrons was recommended, it was considered that this addition of two squadrons to the defence forces ought to lighten the burden on the Army and permit of a reduction in the numbers both of covering troops and the field army. Since 1922, the reductions in British and Indian fighting troops (excluding reservists and followers) amount to about 10,000 and 13,000 men respectively. Altogether since 1914, when the Air Force scarcely existed, the corresponding reductions have amounted to about 16,000 British and 24,000 Indian troops, but the present cost of the Air Force is equivalent to about 8,000 British or 22,500 Indian rifles approximately.

We understand that the triplicate defence organisation on the frontier has been the subject of enquiry in the past and that recently another departmental committee, representing the Army, the Air Force and the Political Department, has reported and, we understand, though we have not seen the report, has made certain recommendations for economy in this heavy expenditure. Though it is not within our terms of reference, we venture to suggest that, if the economies proposed do not go far enough, an entirely independent enquiry, with which some representatives of the legislature should be associated, might be set up in due course.

3. We understand that the force is a growing one, but we presume that while the present financial stringency continues, no further additions will be made. At present the force depends upon the Army organisation for supplies of ordnance equipment, food, petrol, oil, etc., and, to some extent, for medical and educational assistance, though it also maintains a staff of medical and educational officers. We apprehend a tendency to set up separate organisations for the Air Force and we consider that such a tendency should be carefully watched.

4. As regards the medical staff, the estimates contain provision for ten medical officers of the Royal Air Force Medical Service, though all hospital cases are sent to Army hospitals for treatment and their expenses are met

from Royal Air Force funds. We have been informed that these officers are required to live in close touch with flying personnel and to have special expert knowledge of fitness for flying and that it is essential for the morale of the Force that flying officers should have confidence in their own medical advisers. We are informed that this special knowledge can be acquired at a special course in London which lasts six weeks and we consider that it should be possible to train I. M. S. officers in this special course. These officers could then be posted to R. A. F. stations when their services would be available to the Force as well as to the personnel of the Army, thus obviating the necessity for the maintenance of a separate Air Force medical establishment in India. If this recommendation can be accepted, the saving would be nearly one lakh of rupees. For the present, at any rate, we recommend that the two appointments at Headquarters should be abolished, arrangements being made at a convenient station for supervision of the existing medical establishment.

5. As regards education, we are informed that the standard of education required of Air Force personnel is higher than, and of a different character from, that provided in Army institutions. Provision is therefore made for a separate establishment of 7 Air Force Education officers, 6 school mistresses and 7 language teachers, the total cost being about Rs. 1,28,000. One of the officers is stationed at Headquarters and we do not see the necessity for this appointment for the supervision of education in this small Force. We recommend the abolition of this appointment, the general work of supervision being performed by one of the remaining six officers in addition to his own duties. As regards the 6 school-mistresse for the education of some 125 children, with one exception, we make the same recommendation as we have made in the case of Army children, that is, that special schools should only be kept up where no facilities exist at civil schools. Where the latter exist, grants should be made for educating airmen's children at such institutions. Where separate schools must be maintained, locally trained teaching staff should be appointed in place of staff recruited from England.

6. We understand that proposals have been approved for the appointment of two inspectors of Air Force explosives and for the upgrading of two appointments in the signal branch of the Force. In view of the necessity for economy, we urge that no effect should be given to these proposals for the present.

7. As regards the staff at Headquarters consisting of 24 officers, we have examined the distribution of duties carefully as we consider that the staff is excessive. There is one officer at Headquarters for every Rs. 10 lakhs of gross expenditure on the Air Force compared with one for Rs. 33 lakhs in the Army. We have already recommended the abolition of the two medical appointments and the Chief Education Officer. As regards the two Engineer officers, we have some doubts as to the necessity for the post of Assistant. We understand, however, that inspection of Military and Civil landing grounds is carried out both by this officer and by an inspector of the civil department. We consider that these duties could be combined. Further, we recommend that two more appointments at Headquarters be selected for abolition, though we agree that the special investigation into the stores position, which is proposed, should not be impaired.

8. Throughout the Force there are maintained 138 British clerks. We recommend that only the absolute minimum of British clerks be retained for special duties and that the balance be replaced by less expensive Indian personnel.

9. We are informed that the actual average tour in India of officers who returned last year to the home establishment was 3 years and 4 months and in the case of airmen, 2 years and 11 months. This short service must involve India in considerable extra expenditure and we, therefore, recommend that steps be taken that the tour of duty in both cases should be increased to five years.

10. The reserve pool of officers will, it is understood, be reduced from 16 to 8, and we hope that, after the question of leave has been investigated, still further reduction may be possible.

11. We are informed that the airman receives kit and clothing allowance on the same scale as the British soldier in India and also a messing allowance of $3\frac{1}{2}$ annas a day. We have recommended the reduction of the former by 15% and of the latter by half an anna in the case of the soldier and the same reduction should apply to the Air Force. This will save about Rs. 50,000.

12. As regards the Depot at Karachi costing Rs. 18 lakhs and the Park at Lahore costing Rs. 4 lakhs, we have examined the question whether this separation of duties does not lead to reduplication of staff and of stores. We propose to go into the question at greater length when we resume our enquiry and to inspect one or both of these formations. In the meantime we recommend that the question of duplication be examined and the strength of the staff closely scrutinised as it appears to be organised on very liberal lines. Here again we advocate the appointment of Indian staff wherever possible in place of British other ranks.

13. As regards motor transport, we are informed that the total number of vehicles maintained is 191 and that many of these are of types peculiar to the Air Force. A special organisation is maintained for the overhaul and repair of these vehicles. We do not consider that the fact that many of these vehicles are of a pattern different from the Army pattern should militate against the transfer of the work of overhaul and repair to the Army Mechanical Transport Workshops at Chaklala, if, on investigation, this course proves to be economical.

14. The budget estimates are based on an allowance of 300 hours of flight per month per squadron. The average for the whole Force recently amounted to 2,750 flying hours a month. We were informed that the cost per hour of flight amounts to about Rs. 93 for fuel, oil, overhaul, etc., and that each overhaul, which takes place after 200 hours flight, costs over Rs. 6,000 for the engine alone, apart from the cost of reparation of the machine. On this estimate, the cost of practice flying for the force amounts to over Rs. 30 lakhs a year. We examined the Air Officer Commanding on the question whether, at the present time, a substantial reduction should not be made in this expenditure by reducing the amount of flying. We were informed that any definite reduction in this training would be most detrimental to the efficiency and morale of the Force. We recommend, however, that the question be

investigated with the object of securing economy wherever possible without serious detriment to efficiency.

15. As regards stores and supplies, we were informed that the value of stores obtained last year from England was £771,000 and of those obtained in India about Rs. 4½ lakhs. The stocks maintained in the Depot and Park amount to 15 months' peace consumption for English stores and 9 months' peace consumption for local stores. In addition the Park holds stocks of 6 months' peace consumption for all squadrons (except Quetta) and for the Park itself. The squadrons keep 2 months' peace consumption for their own requirements. In addition, all units work to a maximum peace establishment of 3 months for Ordnance and one month for I. A. S. C. stores. It is stated that three months' peace consumption is held to be equivalent to one month's requirements in war.

We consider that these stocks are excessive. The question has been receiving attention and considerable savings have been effected in the current year. We recommend, however, that a thorough investigation be made of the reserves of stores and engines maintained and of the scale of annual requirements.

The present holdings of stores should, in our opinion, be reduced to 9 months' peace consumption of English stores and 3 months for Indian stores. It should also be considered whether the additional 6 months' Park stores could not be reduced to 3 months, Ordnance stores to one month and the holdings of squadrons to one month's requirements. We consider that present circumstances make it necessary that some risk should be taken and our recommendations will effect very substantial initial savings. We further consider that all indents for stores should pass through the Indian Stores Department and the Director of Contracts to ensure that Indian manufactures receive due consideration. As regards bombs and explosives, we are informed that the total value of the stock maintained is nearly 30 lakhs of rupees. As the highest expenditure in any month in the last three years was Rs. 7 lakhs, we consider that here also a reduction in stocks is possible.

16. The total provision for works expenditure is about Rs. 25½ lakhs, the main items being:—

	Lakhs.
New works	12
Works in progress	2
Maintenance	9

We recommend that no new works be provided for next year and that the maintenance charge, which is based on the Army rate, be reduced for some time to come by 15 per cent. as most of the Air Force buildings are of recent date. This will reduce the cost of maintenance of buildings and roads by about Rs. one lakh. Works in progress and minor works for next year should be limited to Rs. 5 lakhs. With our other recommendations, the reduction on works charges should be at least Rs. 10 lakhs for next year.

17. Lastly, we recommend that no further expenditure of a capital nature on development or reorganisation be incurred during next year. This should involve a reduction at least of Rs. 20 lakhs in the estimates for next year as compared with the present year.

SUMMARY OF RECOMMENDATIONS.

Royal Air Force.

Recommendation.	Initial saving.	Recurring saving.	Saving in 1932-33.
	Rs.	Rs.	Rs.
(1) Discontinuance of special medical Air Force service .. .. .	..	1,00,000	..
(2) Abolition of two medical appointments at headquarters .. .. .	..	35,000	35,000
(3) Abolition of Educational appointment at Headquarters .. .. .	..	12,000	12,000
* (4) Organisation of children's education on lines recommended for Army (saving not estimated) ..	..	..	..
(5) Reduction of two further appointments at headquarters .. .. .	..	30,000	30,000
(6) Replacement of British by Indian clerks (saving not estimated) .. .. .	..	..	..
(7) Increase of tour of duty in India of officers and airmen (saving not estimated) .. ..	..	..	..
(8) Kit and clothing allowance to be reduced on Army scale .. .. .	..	50,000	50,000
(9) Reduction of staff at Depot and Park (saving not estimated) .. .. .	..	..	..
(10) Economy in expenditure on flying (saving not estimated but say) .. .. .	..	2,50,000	2,50,000
(11) Reduction in reserve stocks	10,00,000	..	10,00,000
(12) Reduction in provision for new works and in maintenance grant	9,00,000	1,00,000	10,00,000
Total ..	19,00,000	5,77,000	23,77,000

* Majority recommendation.

CHAPTER XVII.—MILITARY ENGINEER SERVICES.

The net expenditure under this head for the current year is Rs. 3,98,98,000 made up as follows :—

	Rs.
Works	1,96,43,000
Maintenance of roads, buildings, etc.	1,12,86,000
Maintenance and operation of installations	50,98,000
General charges	23,72,000
Establishment	64,38,000
Tools and Plant	3,92,000
Expenditure in England	4,69,000
	<hr/>
Total	4,56,98,000
Receipts and other deductions	58,00,000
	<hr/>
Net expenditure	3,98,98,000

2. We have taken preliminary evidence from the Quarter-Master General on the policy governing military works and from the Engineer-in-Chief on certain aspects of the administration and internal economy of the department, but we have been unable to complete our enquiry at this stage. We propose to confine ourselves now to recommendations which will directly affect next year's budget and we will resume our enquiry into the establishment and other charges of the service at a later date.

3. We have been informed that a large proportion of the expenditure on works has been determined by what is called the amenity programme and that this expenditure, during the last four years, has amounted to Rs. 4 crores 13 lakhs distributed as follows :—

	Lakhs.
	Rs.
Reconstruction of Indian troops' lines	2,76
British troops' lines, electric lighting and hospitals	83
Improvements to British hospitals	21
Improvements to Indian hospitals	33
	<hr/>
Total	4,13

The main items which are still in contemplation are one crore for British officers' accommodation, 2 crores for married quarters for British families and 1½ crores to 2 crores on Indian troops' lines.

4. In our consideration of this large expenditure we have received valuable assistance from the Quarter-Master General. We are definitely of the opinion that, as so much has been spent on amenities and other works in the last four years and as the financial situation requires a drastic reduction of

this expenditure, the amenity programme and other works schemes must be postponed till circumstances improve, except for absolutely unavoidable construction. As for works in progress which cannot be shut down, we understand that commitments to the extent of about Rs. 88 lakhs are outstanding and we recommend that this amount should be spread over the next two years in equal instalments.

The provision for maintenance of buildings and communications amounts to about Rs. one crore 13 lakhs. In the case of buildings we understand that the estimate is based on 1-3/8 per cent. of the capital value. Owing to the heavy building programme of the last few years, a fair proportion of the buildings must be new and the allotment for repairs should be capable of some reduction. For this reason and having regard to similar recommendations on the civil works side, we think that a reduction of 7½ per cent. might be made on this year's figure, saving about Rs. 8½ lakhs.

5. We have discussed with the Quarter-Master General certain tentative estimates for next year and we are of the opinion that the net budget, including the specific reductions suggested by us should not exceed Rs. 2 crores 86 lakhs, a saving for next year of Rs. one crore 13 lakhs.

6. One of our terms of reference invites us to consider whether part of the expenditure now charged to revenue, could not, at any rate as a temporary measure, be met from loan funds. We have not been able to examine this aspect of the question which, as it involves a new departure, will require our most careful consideration. If we find ourselves able to recommend such a procedure, a further reduction will probably be possible in the budget which we have proposed above.

CHAPTER XVIII.—GENERAL QUESTIONS.

I. *Pay.*—(1) In regard to the system of pay prevailing in the Army, we have collected certain information but have not, in the time at our disposal, been able to formulate any final opinions thereon. We have been struck by one fact which continually emerged during the course of our examination of various ancillary services. We refer to the liberality of the scales of pay and allowances admissible to various classes in these services and we have had occasion to comment upon these scales at various points in our report and to suggest means by which more economic service could be obtained. From the laymen's point of view it strikes most of us as singular that it should be necessary or desirable to pay higher rates of pay in the ancillary services than in the fighting services. We merely notice this fact in passing and reserve our fuller comments till a later stage when we have been able to examine this important problem at greater length. At the present stage, we confine ourselves to a consideration of the question whether further relief to the financial position should not be afforded by a provisional reduction of the present scales of pay which were introduced at a time when the general cost of living was much higher than at present. In giving this much consideration to the question we realise that we may probably be regarded as over-stopping our terms of reference, by including fighting services in our recommendation below. But, in an emergency such as the present, we do not see how a retrenchment committee can avoid indication of a fruitful field for economy. With one exception, we consider such a reduction justified and we understand that the question is one which has engaged the attention of other sub-committees of our main Committee. Any action in this direction in the view of the majority must be on a uniform basis and be extended to all classes of the servants of the State except perhaps those below a certain minimum rate of pay. If a provisional reduction in present rates of pay is introduced on the civil side of the administration, it must, in the view of the majority, in equity, be applicable with suitable limits, also to the military forces, both fighting and ancillary. The tentative contribution which the majority of us make to the views which will be submitted for co-ordination under present arrangements to another sub-committee is as follows :—

1. A reduction of 5% on pay between Rs. 200 and Rs. 500 a month.
2. A reduction of 7½% on pay between Rs. 501 and Rs. 1,000 a month.
3. A reduction of 10% on pay over Rs. 1,000 a month.

(2) The cost of pay as a whole in the Army amounts, as we have been informed and have already stated, to the huge total of 27 crores of rupees of which 17 crores relate to the fighting services and 10 crores to the administrative and ancillary services. In the time at our disposal we have not been able to obtain an estimate of the saving which will be secured by reductions on the lines suggested, but it should not be less than three quarters of a crore.

II. *Expenditure on new measures under the programme of re-organisation and re-equipment on modern lines.*—We understand that provision to the extent of about Rs. 150 lakhs has been made in the current year for new measures most of which fall within the programme referred to. We have

not taken evidence specifically on the question as to what general programme, if any, is contemplated for next year but we are of opinion, having regard to the present financial position, that such expenditure should be postponed as far as possible. How much reduction in the present scale of expenditure can be made by this means depends on considerations which we have not yet been able to evaluate such as the inevitability of some expenditure of this kind or the feasibility of charging "programme" expenditure to loan funds.

III. We append a general summary of the financial effect of our recommendations in the field which we have so far covered; the estimates are necessarily only approximate and we have omitted many items for which no estimates were readily available. Nor have we taken into account any estimate for the proposals in the preceding paragraphs of this chapter though there should be very substantial savings possible in these directions.

IV. We propose to resume our enquiry towards the end of December when we will pursue further investigations into the Army Factories, the Ordnance Services, the Military Engineer Services and the system of financial control, and take up the examination of the staffs at Army Headquarters, Commands, etc. and of the Royal Indian Marine and certain miscellaneous subjects.

(Signed). T. RANGACHARIAR,
(Chairman).

„ MOHD. AKBAR HOTI.
„ SHIVDEV SINGH UBEROI.
„ MOHD. YAKUB.
„ F. C. BOVENSCHEN*.

15th September 1931.

*Subject to the reservations in the attached note.

NOTE.—Appendix C. contains the provisional views of Messrs. Mudaliar and Benthall at the time when they left to attend the Round Table Conference.

Note by Mr. Bovenschen.

Throughout the material of the report certain threads of policy keep recurring, influencing quite naturally both the general outlook of the report and the particular recommendations. The three main ones, may, I think, be described as Indianization, Civilianization, and the bringing into line with present Indian financial conditions of the privileges and opportunities which British troops receive in India as equivalent to what they receive when serving elsewhere. On these questions of policy, the views expressed in the report cannot be regarded as mine : nor do I agree with the implications which the expression of those views in places may be regarded as conveying. Further, I have neither the experience of India nor the full knowledge of the reasons underlying past policy to justify an opinion on the principles involved. But from the point of view of practical administration I should like to make the following observations :—

1. *Indianization.*—From a financial point of view it is clearly advantageous to substitute Indian personnel for British personnel, and an Economy Committee would fail in its duty if it did not point out the great possibilities in this direction. How far suitable Indian personnel are already available to take up the various duties at present carried out by British personnel and how long it will take to train them, if they are not, I am not in a position to say. But I am definitely of opinion that, merely as a practical matter, substitution must in many cases be gradual, and that, if Indianization is to succeed, in certain spheres at any rate, it can only be introduced by means of sympathetic trial and experiment. The Army machine is complicated : if it is to be efficient, all its parts must be efficient ; and to substitute on a large scale immediately in certain parts a different personnel from that which has hitherto been employed may endanger both the efficiency of the whole machine and the success of the substitution. And there are moral and contractual obligations in respect of those who are at present performing the duties,—obligations which even on financial grounds cannot be ignored.
2. *Civilianization.*—I agree that there are spheres of Army administration in which a due proportion of the civilian element may properly and very advantageously be introduced. But in my view civilianization of Army administration, or any portion thereof, is not an end in itself. The Army is a military machine, and if it is to be retained at all, it must be retained in a state of military efficiency with, of course, due regard to economy. How far, as a matter of principle, the present Army organization falls short of the due proportion of civilian element to ensure the maximum of efficiency and economy is a matter on which it seems to me desirable to wait till the end of our enquiry before expressing an opinion. How far, apart from questions of principle, the introduction of the civil for the military element in particular cases would increase or decrease efficiency and what economy it would give is a matter for examination on the merits of each case.

3. As regards the privileges and opportunities accorded to British troops in India, I agree with the minority view expressed in paragraph 3 of the section dealing with Army Education. But questions of principle and policy apart, I think it right to draw attention to the hard fact that recruiting in the United Kingdom is already a matter of the greatest difficulty, and the withdrawal of certain attractions now offered or the discrimination between conditions of service in India and elsewhere might well aggravate that difficulty beyond practical limits.

Arising out of these general observations or for other reasons, I have the following comments and reservations to make on the particular proposals contained in the report.

(a) *Army Instructional Establishments and general education.*—I do not think that the Physical Training School and the Equitation School should be closed. I think that everything possible should be done to avoid completely closing down establishments which the Army holds have a definite military training value. But in present financial circumstances, I think that some reductions must be made, and I would recommend that at the Physical Training School, the Equitation School, the Small Arms School, the School of Artillery and the Tank Corps School, the outturn of students should be reduced by 30 per cent. with consequent saving in staff. I would suggest this on the ground that it may be possible to utilize the instructors, who have passed through these schools, to instruct members of their units to act as their assistants, and by this means, with a reduced output from the Schools, to give training in the units not unduly below the standard at present afforded.

As regards the Equitation School, I am not clear why British officers should take three horses and Indian officers two horses to the School. If it is cheaper for officers to bring their own animals instead of the school maintaining a pool, I recommend that the number they bring should be reduced (unless there is no additional cost to the State for transport or otherwise in bringing the extra horses).

As regards the Senior Officers' School, under present conditions, I agree that some reduction in instructional staff should be attempted, but I would limit the reduction to one. Subject to these modifications I agree with my colleagues' recommendations as to the Schools of Instruction.

As regards Army Education, I agree in the recommendation to abolish the Command appointments and the reduction of Army Education Corps Warrant officers by attaching smaller units to larger for educational purposes. I do not know enough of the conditions of civil schools in India and their accessibility to cantonments to justify me in recommending the abolition of Army Children's Schools at all stations at which there are civil schools, and the question of policy (the provision of facilities equivalent to what the soldier enjoys elsewhere) also arises. Subject to that question, I think that an experiment might be made on the lines recommended by the Committee at suitable stations where civil facilities exist.

I regret I am not in agreement with proposals (b) and (d),—the reduction of district inspectors in addition to that of Command appointments and the restriction of the soldiers education to the 2nd Class Certificate standard.

(b) *Indian Army Service Corps.*—As regards the details of my colleagues' recommendations in regard to the Mechanical Transport establishments, I would prefer to wait till the results of the Quarter-Master General's examination are known, and, if possible, till I have had an opportunity of visiting the establishments. I doubt, *e.g.*, whether the reduction of British Other Ranks by as much as 50 per cent. is a practical proposition. On the other hand I am hopeful that the Quarter-Master General's examination will result in at least the 7 lakhs reduction recommended by the Committee, if not more.

In these and other cases the military authorities with their knowledge of the actual working of the machine are in a favourable position to judge how economies agreed on in principle can best be applied in detail.

(c) *Supplies.*—As regards the proposals for the replacement of British Other Ranks and British Officers, my general remarks on the subject of Indianization apply.

(d) *Travelling Warrants.*—I am completely in agreement with my colleagues that a system of travelling warrants is desirable, but I would not recommend it, if the cost of audit in the Army audit offices and the charge, which I understand would be made by the railway companies, is disproportionate.

(e) *Remounts.*—I should prefer to reserve my opinion on the points under investigation by the Special Committee set up by the Quarter-Master General until that Committee has reported. I have not had sufficient evidence to enable me to agree to the suggested scheme for the administration of Remount depôts.

(f) *Medical Services.*—Many of the recommendations (*e.g.*, the increase in the proportion of Indians in the I. M. S., the greater use of Assistant Surgeons, the use of Indian Hospital Corps Orderlies for British troops and of Indian Nurses, the staffing of amalgamated hospitals) involve questions of policy on which I express no opinion. But this is one of the cases, to which I referred in my general remarks above, in which on practical administrative grounds, if for no other reason, changes of policy should in my opinion only be introduced, if approved, after experiments have established that they will work efficiently and well.

I do not think that the proposal to abolish the allowance granted to medical officers in possession of specialist qualifications is sound. That such specialists should be available seems to me most desirable and I doubt whether, without financial inducements, officers will qualify.

(g) *Military Accounts.*—As regards the decrease in the number of Superior Service Officers and Subordinate Gazetted Officers, and the views and recommendations expressed by my colleagues I think it only right to say that I found no evidence that the proposals of the Military Accountant General have been made with any partiality to any particular grades or with regard to anything but the effect of the various reductions of work which he proposes on the particular staff affected.

On the general question of the reduction of the Superior Service Officers, it seems to me from such experience as I have that, in a department

dealing with financial advice and audit as well as accounts, an establishment of 44 Superior Service Officers in charge of 101 Subordinate gazetted officers and over 4,400 Accountants and clerks is definitely low. While in the actual keeping of accounts there is no doubt a large amount of routine work and the proportion of the officer grade to the others may well be low, in audit and financial advice a high percentage of upper staff is not only justifiable but economical : and while I cannot pretend to know the Indian system I should, on general grounds, consider that a definite weakening of the standard of audit and financial control with possible financial risks would result from the reduction of Superior Service officers. In any case I do not think that any reductions beyond those recommended by the Military Accountant General are justifiable, and I do not make my recommendation of the other economies proposed conditional on any reduction in the higher grades.

As regards priced store accounts, I recommend their abolition as soon as possible with the consequent saving of Rs. 4 lakhs. Their retention seems a relic of Cost Accounting days and viewed either from the aspect of financial control or from that of the information furnished to the public, their cost is in my view totally disproportionate to their utility. Something on the lines of what is done in the United Kingdom, where the question of stock valuation for the Army has been exhaustively and independently considered, should in my opinion meet all reasonable requirements, if any replacement of the existing accounts is necessary.

(h) *Recruiting Services.*—I think the Ajmer and Delhi recruiting areas should be amalgamated with the consequent saving of staff. As regards my colleagues' recommendation, recruiting work (including the administrative work inseparable from it) is of such importance to the Army that, I do not feel justified, in view of the evidence given to us, in recommending more than that an experiment should be made of the substitution of one Viceroy's Commissioned officer for a recruiting officer.

(i) *Vocational Training.*—As indicated in my general remarks, I cannot agree with my colleagues' views on this.

(j) *Air Force.*—My remarks regarding the provision of school facilities for the children of soldiers apply in the case of the Air Force.

(k) *General Question.—Pay and Allowances.*—I cannot agree to the reduction proposed in the pay of commissioned officers and soldiers, whether they belong to the fighting or administrative service. I express no opinion on this question, recommendations on which I had regarded as outside the terms of our reference.

F. C. BOVENSCHEN.

GENERAL SUMMARY.

Head.	Initial saving.	Recurring saving.	Saving recommended for 1932-33.
	Rs.	Rs.	Rs.
(1) Supplies	83,000	14,40,000	11,90,000
(2) Animal and Mechanical Transport and other such charges	60,75,000	37,79,000	39,93,000
(3) Remounts	7,20,000	7,25,000	13,45,000
(4) Veterinary Services .. .. .	..	68,000	59,000
(5) Farms	6,72,000	3,10,000	5,50,000
(6) Medical Services and Stores Depots	7,00,000	31,56,000	16,00,000
(7) Kit and Clothing allowances .. .. .	..	24,15,000	15,90,000
(8) Miscellaneous Services .. .. .	..	12,85,000	12,65,000
(9) Military Accounts .. .. .	..	7,18,000	3,92,000
(10) Royal Air Force	19,00,000	5,77,000	23,77,000
(11) Army Education .. .. .	..	11,21,000	9,63,000
(12) Schools of Instruction .. .. .	..	7,61,000	7,61,000
(13) Military Works	1,04,50,000	8,50,000	1,13,00,000
(14) Cantonments .. .. .	..	4,90,000	2,65,000
(15) Factories (preliminary) .. .. .	..	4,00,000	2,00,000
Total ..	2,06,00,000	1,80,95,000	2,78,50,000

NOTE.—The above summary does not include several items, the savings from which cannot yet be estimated: nor does it take into account savings from any possible reduction in pay or from the “programme” expenditure referred to in Chapter XVIII except some items under Mechanical Transport.

APPENDIX A.

I have forwarded separately through the Financial Secretary the proposed revised terms of reference to the Sub-Committee on Army Expenditure. A copy is placed on the file.

2. The provisional programme is as follows. The Sub-Committee will meet in Calcutta about July 10th to consider material then available and, with the permission of His Excellency the Commander-in-Chief, would like to visit the local factories. It will return to Simla about July 25th and from then onwards take evidence. It might request permission to visit one of the Arsenals. It will probably report to the General Committee about the end of August.

3. The basis of the enquiry will be the memorandum by the Financial Adviser on the growth of expenditure and the following supplementary information is proposed for the Sub-Committee :—

- (a) a general note explaining what economies have been effected during the currency of the "Contract" Budget. The Chief of the General Staff agreed to this at an earlier meeting.
- (b) a note for each head dealt with in the memorandum referred to (except for Head I "pay and allowances of the fighting services" for which the only information required has been separately indicated) which would bring out in more detail reasons for increased establishment and expenditure. It should then deal with such questions in the terms of reference as apply to the particular head in question. An informal discussion was held recently with the Financial Adviser in which particular questions likely to arise out of the terms of reference were suggested for consideration. The note would then show what further economies were proposed or suggest further lines of investigation.

4. The Sub-Committee would be glad to have as much material as possible in its hands some time before the meeting on July 10th and I would request that all material on the above lines which can possibly be prepared by June 18th should be sent to me for communication to the members. For the present 8 copies of typed replies will suffice. If necessary the question of printing will be considered later.

A. F. L. BRAYNE.

The 5th June 1931.

APPENDIX B.

Army Department are asked to produce—

- (a) a general statement of the economies actually effected during recent years ;
- (b) a statement of the proposals for economy which are being brought into effect.

The following documents should be collected and the Army Department should be asked to forward them to Dewan Bahadur T. Rangachariar :—

Pay and Allowances Regulations.

Travelling Allowance Regulations.

Passage Regulations.

Medical Regulations.

Barrack Synopsis.

Supply and Transport Regulations.

The two Innes Committee Reports.

Action taken on the above Innes Committee Reports.

Action taken on the Inchcape Recommendations.

Welby Commission Report.

Annual Reports of Factories, Grass Farms, etc., for the last two years.

Public Accounts Committee proceedings for the last two years.

Copies of the Auditor General's letters for the last two years.

Army Headquarters Directory.

A comparative table of pay and allowances for all ranks from General downwards—
British and Indian.

Army Department will furnish in respect of each head in the memorandum on expenditure a fuller account of activities and reasons for increased expenditure with special reference to the relevant sections of the terms of reference. The following are a few of the special questions which should receive attention.

Head I.—Kit and Clothing Allowance.—A brief history of these allowances up to date should be given, i.e., the half mounting allowance system should be described. What the kit and clothing allowance now is and on what basis it is fixed.

Miscellaneous and incidental expenditure.—It will be necessary to describe the nature of the expenditure included under this head.

Non-combatant followers.—Give the numbers and pay of these non-combatants ; describe briefly what their duties are.

Reservists.—The terms of service. Find whether they can be utilised so as to give some return.

Head II.—Army Educational Establishment.—Ascertain how much of this expenditure is on Indians and how much on British and the *per capita* cost.

Central versus local purchases.—Produce a note showing the benefits and economies of central purchases.

Transportation.—A note on the mechanisation policy, with reference also to the subsidy scheme and the rules regarding utilisation of mechanical transport in peace and whether mechanisation is cheaper than animal transport.

Remounts.—Regarding purchase of mules, examine the question whether country-bred animals could not be more extensively utilised. Also enquire into the point whether the period of acclimatization of horses is essential and the cost of this.

Arsenals and Depots.—Enquire into the following points:—

Are Arsenals not too scattered? Could they be concentrated more; on what basis are stocks maintained? The system of provisioning. The system of condemnation of deteriorated stock and the system of inspection of equipment in units and depots, *i.e.*, are the safeguards against premature condemnation adequate. Method of disposal of condemned stocks (In this case a reference to the Disposals organisation note only will be given). Steps taken to prevent deterioration in stock in arsenals. When new articles are introduced what is done with the serviceable old articles?

Medical Colleges and Schools.—Why should the Army not recruit men after they have passed out of the civil institutions, *i.e.*, why should subsidies be given for training?

Medical services.—Is the number of beds excessive considering the reduced sick list of present times? Is hospital accommodation excessive? The justification for the number of specialist officers now maintained.

Military Accounts Department.—The Military Accountant General is taking this matter up and showing what has been done to economise and simplify work.

Administration of Cantonments.—Is the standard of administration not too high with the result that grants have to be given from Army funds? Alternatively, is not the standard of taxation too low having regard to the benefits received. Are overhead charges excessive, *i.e.*, cost of supervising establishment?

Grass and Dairy Farms.—Are supervision charges not excessive? Could supervision not be done by Commands? Are the prices charged to customers high enough?

Staffs.—Have the recommendations of the Innes Committee been carried out? With regard to the clerical establishment, have the recommendations made by Mr. Macdonald been carried out? Are Commands dealing with the clerical staff? Are the clerical establishments not too highly paid considering the work they do? Will the adoption of modern office methods lead to economies? Enquiry into the substitution of British clerks by Indian clerks. Why is the proportion of officers to clerks so much higher than in Civil offices? Similarly the proportion of senior officers to junior officers. Is any saving possible on contingent charges, *i.e.*, telephones, telegrams, printing and stationery charges? Is there any special control of printing and stationery?

Stores.—An account should be given of the ration scheme.

Fuel and Light.—Is any reduction possible in the scales or in the distribution?

M. T. Stores.—What is the necessity for holding so many reserve vehicles and spare parts? Methods of provisioning should be described. Whether economy can be effected through greater standardisation of vehicles.

Animals.—Has the reduction in the purchase of animals corresponded to the increase in expenditure on M. T.?

Transportation—Hired Transport.—Why is there an increase under this head when there has been so much expenditure on mechanisation?

Non-effective charges.—What lessened expenditure can be expected owing to the fall off in war pensions. A memorandum should be furnished regarding this head which would contain comparative rates of pensions.

Auxiliary and Territorial Forces.—Expenditure should be shown separately on these forces and enquiry made as to whether any economy is possible in supervision and training.

M. E. S.—The percentage of overhead to the total expenditure should be worked out. The system of contracts should be described and enquiry made as to whether the rates for work and labour have come down to an extent which corresponds to the fall in prices. Are the scales of buildings and furniture excessive? Are the charges which the M. E. S. make for electric light and water adequate? Is the provision of buildings based on a regular programme, and if so, what reduction in expenditure may be expected after completion of programmes?

APPENDIX C.

As Dewan Bahadur Mudaliar and Mr. E. C. Benthall have to leave to attend the Round Table Conference, the Committee on 7th August desired to ascertain and record their views upon the military estimates generally and in particular upon those heads upon which the Committee have had fuller information and evidence from witnesses *e.g.*, military accounts and the Quarter-Master General's Services and Military Engineering.

2. The results of the discussion are as follows. In regard to the Fighting Services the two members considered—

- (1) In view of the fall in prices substantial savings should be secured by reduction in various allowances such as (a) Syce and Forage allowance, (b) Kit and Clothing allowance, (c) Messing allowance, (d) the various miscellaneous Allowances such as Band and Office allowance, the total of which is about Rs. 22 lakhs.
- (2) They considered that the principle of duty and other allowances had been too widely adopted in the Military Accounts Department, and that these should be reviewed and materially reduced. In the particular case of unit accountants where some special pay seemed desirable, it should be given in the form of a special grade rather than as an extra duty allowance.
- (3) Mr. Mudaliar considered that officiating allowances should be suspended at least for a period.
- (4) An enquiry should be held into the necessity for various 'station' or 'local' allowances.
- (5) As regards certain items of expenditure in England, Mr. Mudaliar thought that the payments for National Health and Unemployment Insurance were not a fair charge upon India and that these items should be included with the Capitation Rate before the forthcoming tribunal. Mr. Benthall was not prepared to give his opinion upon the justification for these payments but agreed that they should be dealt with as proposed.
- (6) Mr. Mudaliar considered that expenditure on Vocational Training was unjustified and should cease forthwith. Mr. Benthall was not prepared to express an opinion without further enquiry but agreed that the question ought to be fully considered.
- (7) Mr. Mudaliar considered that the Lee Concession passages (which cost the Army some Rs. 20 lakhs) should be suspended at least for a year. Mr. Benthall would rather put it that owing to the fall in the cost of living a reduction in emoluments of officers and other ranks was probably desirable in some form as in many other places if this could be done without injustice and without giving rise to serious discontent. It was agreed that for future pay a sliding scale varying within limits with the cost of living on the English system should be adopted.
- (8) It was agreed that the system of employing military officers in quasi-civil formations such as factories and grass farms was undesirable except where expert military knowledge was essential. Mr. Mudaliar held that the higher departmental rates of pay for such ancillary services were unjustified. Mr. Benthall thought that an enquiry should be made into such rates of pay.

3. Certain special points were discussed and the conclusions of the two Members were as follows :—

- (1) Deputations of factory officials should be enquired into: also the system of study and language leave, particularly the sending of officers to Japan, China and elsewhere.
- (2) The scales of followers throughout the Army should be examined and reduced.
- (3) Marriage and separation allowance should continue.
- (4) A definite programme of Indianisation in the ancillary services should be drawn up for the next five years, the Indians appointed to be on lower pay, say

two-thirds of the present rates. Mr. Benthall would add that the only test of progress must be efficiency. The educated man often lacks the power to command while the uneducated man often has not the necessary ability. In his opinion progress must largely depend upon sympathetic handling of the problem by senior officers which will gradually permeate downwards. And of this, there are, in his opinion, good signs.

4. *Educational and Instructional Establishments.*—(1) It was agreed that the numbers of officers and men sent for training should be reduced and that a consequent reduction should be secured in teaching establishment.

(2) As regards Army Education, Mr. Mudaliar thought that the Lawrence schools should be administered by the Punjab Government, the Army perhaps making a grant. He considered that the pupils educated in these special schools and in the King George's School might really be educated in the ordinary provincial schools. He further considered that locally trained teachers should be employed instead of importing school-mistresses, etc., from England. Mr. Benthall preferred not to express his opinion without further enquiry but agreed that enquiry might be made on these lines. He was, however, definitely of opinion that the expenditure on Army education should be reduced by 10%, the actual methods being for the Department to devise.

5. *Remounts.*—Mr. Mudaliar considered that it was uneconomical to purchase a lot of young stock and maintain them for years. Mr. Benthall thought that the whole question of Remounts was one on which the advice of the Chief of the General Staff should be sought. For one thing, as regards infantry chargers it was possible that the present standards were too high.

6. *Medical Services.*—Mr. Mudaliar held that all further recruitment should cease, that the Indian Hospital Corps should be divided into combatant and non-combatant, that British and Indian Hospitals should be amalgamated. The British nursing orderlies should be abolished and locally trained nurses employed instead of Europeans. He would also abolish the capitation allowance in the case of military pupils at provincial schools. Mr. Benthall agreed about the last point and that enquiry should be made as regards the others; he further considered that in the case of this head it would probably be necessary to insist on a percentage cut, the details of compliance to be left to the authorities. Mr. Mudaliar further considered that family hospitals should not be retained but families should have recourse to civil hospitals. The scales of diet and of stores in hospitals should be revised. In his opinion it was unnecessary to maintain a war reserve of medical personnel as there was an ample reservoir in civil life. The I. M. D. should be open to all communities and could perform much of the work now done by I. M. S. and R. A. M. C. officers. Mr. Benthall thought that enquiry should be made along these lines.

7. *Veterinary Services.*—It was agreed that these appeared to be overstaffed in respect of officers and that a reduction should be made. The two Army Veterinary Schools should be abolished.

8. *Supplies.*—(1) More rapid progress should be made in the process of substituting Indians for British Other Ranks.

(2) The Cis-Indus supply organisation should be adopted in Trans-Indus areas.

(3) The number of Supply officers appears to be excessive and in some cases senior officers seem to hold charge of small formations. Mr. Mudaliar would definitely reduce the numbers. He would also divide the I. A. S. C. into combatant and non-combatant. Mr. Benthall would not express a final opinion but agreed that there were grounds for enquiry.

(4) The question of contracts had been very fully discussed with the witnesses and the views of the two members on particular points were—

- (a) tenders in all cases of over Rs. 10,000 should be normally called for in the open market and advertised in principal vernacular as well as English papers;
- (b) lists of approved contractors should be published once a year and displayed on notice boards;
- (c) it should be made clear in tender forms that persons could quote for only a portion of the total required and also for delivery at particular places;

- (d) while it was agreed that particulars as regards the accepted rate and whether the lowest tender was accepted, should not be published, it was considered that in the case of local purchases also details as to tenders accepted should be published locally in the most suitable manner.
- (5) It was considered that all contracts of any importance, both central and local, should be considered by a Board as in the case of certain Railway contracts. Mr. Benthall was definitely opposed on principle to the appointment of a non-official to the Board, though if Railways admitted this, the case was weakened. On this point Mr. Mudaliar would follow the Railway precedent. As to whether the Director of Contracts should be transferred to the control of the Financial Adviser or Army Secretary after the Home analogy, there were points in favour of such a course, particularly the principle that the purchasing agency should be independent of the consuming and spending department. It was agreed that the point might be examined further.
- (6) An enquiry should be made into the co-ordination of the purchasing system, the Indian Stores Department and the Director of Contracts. This might be done by the Army Sub-Committee and the Stores Sub-Committee together. Mr. Benthall considered that there should be more co-ordination and that inspection branches should be amalgamated.
- (7) As regards purchase of articles such as tinned meat, the question of bulk purchase pooled with the War Office should be considered.
- (8) In case of agencies such as those for *ghat*, grain and grain crushing, the question as to whether this was the most economical system should be pursued. If accepted as the best, then wide call should be made for tenders.
- (9) As regards mobilization reserves, the volume required thorough examination with the object of reducing losses on turnover, etc.
- (10) They would emphasise the importance of the rupee tender rule and thought that a limited price preference of say 20 per cent. should be considered.
- (11) The Director of Contracts should consult the Agricultural Department on the further development of certain articles of supply required by the Army.
- (12) The use of soft coke for cooking instead of firewood where more economical and the purchase of coal in consultation with the Chief Mining Engineer from the Central Provinces mines should be considered.

9. On the general question whether the Ordnance factories should be employed more on Government work, Mr. Benthall stated that he had given his full opinion in a separate note. Mr. Mudaliar thought that the superior staff in factories should be reduced: that inspection was excessive and duplicated inside and outside the factory, except perhaps on lethal weapons. He would give more Government work to factories even at the cost of departing from the policy that private trade should be favoured. He would not, however, increase plant for the purpose but only use existing plant to the full. In the case of the clothing factory electrical energy should be taken from a private company instead of running a separate and expensive plant in the factory.

10. As regards Rations, it was possible that the scale was pitched at a fairly liberal rate with a margin of safety. In any case whether or not this was the case, the sliding scale experiment indicated that bulk issue of full scale was uneconomical *e.g.*, 800 men or horses did not need 800 standard rations and the tax-payer should get the advantage of this fact to a larger degree than at present. The ration system should therefore be reviewed. In view of the fall in prices the 3½ annas a day messing allowances should be reduced probably to 3. This would mean a saving of about Rs. 6 lakhs. The issue of mutton instead of beef on one day in the week should be discontinued saving about Rs. 4 lakhs.

11. *Military Accounts.*—(1) On the particular question whether priced store accounts should be abolished, Mr. Mudaliar would prefer to express no view at this stage. Mr. Benthall considered that as all necessary information could be procured under a different system, the saving should be secured. He thought that the recommendations of the Military Accountant General amounting to a saving of about Rs. 9 lakhs should be secured.

(2) The system of duty allowances should be reviewed to secure considerable reduction

(3) The system of factory accounts seemed to be very complicated and not of great use to the control. An expert enquiry should be made into the whole matter.

(4) Scales of pay in the department are high and should be reduced.

(5) The system of unit Accountants should continue, the two men in British infantry units should be reduced to one and further reductions seem possible where separate formations are close together. An officer of the Department might be asked to study the English system of pay accounts on the spot.

(6) Further amalgamations should be considered, e.g., distribute work of Presidency and Assam District, combine Marine office with Poona or at any rate reduce it to a Deputy's section. Combine Madras with Poona.

12. As a general question (though concerning the Military Accounts Department) Mr. Mudaliar deprecates the system of extending Lee passage concessions so widely, e.g., to officers promoted from subordinate to superior services and would have the whole question reviewed.

Mechanical Transport Vehicles and Stores.—Subject to its not being proved impossible, Mr. Benthall would stop this year and next year all purchases both of vehicles and of stores (unless it can be shown that replacement of any particular stores are essential) and would recommend that the organization of a reserve of civilian vehicles should be taken in hand. With the limited number of frontier roads progress may have been too rapid and a period of review would be sound. Mr. Mudaliar agrees with Mr. Benthall, without the opening proviso. Mr. Mudaliar should like examination of the question whether the standard of mechanization of the Army already reached is not sufficient for all practical Army purposes connected with the defence of India.

Mechanical Transport Types of Vehicles.—Mr. Mudaliar and Mr. Benthall consider that an endeavour should be made to develop one "Sealed pattern" type of vehicle suitable both for Army and Air Force use.

Mechanical Transport Spares.—Mr. Mudaliar and Mr. Benthall consider that if possible makers of vehicles should, as a condition of the purchase of their vehicles, be required to guarantee the provision of spare parts for a term of years.

Use of Army Factories in connection with Mechanical Transport.—Mr. Mudaliar and Mr. Benthall consider that further examination should be given to the question whether use cannot be made of the Ordnance Factories in connection with repair work of Mechanical Transport. Probably Chaklala could be much reduced in size, part being kept as a war-reserve.

Mechanical Transport Repair Units.—Mr. Mudaliar and Mr. Benthall would both record that these units seem expensive and that technical investigation should be made into their costs with a view to substantial reduction.

Animal Transport for part of Field Army.—Mr. Mudaliar considers that this transport should be dispensed with (subject to the retention of any required for economical provision of peace requirements). Mr. Benthall would like the question further considered.

Mechanical Transport and Animal Transport Personnel.—(a) Mr. Benthall and Mr. Mudaliar would recommend that a definite programme should be prepared by the Military authorities for the training of Indian personnel to be substituted for British "Other Ranks."

(b) Mr. Mudaliar recommends a reduction in the strength of officers in Mechanical Transport units. Mr. Benthall agrees, subject to further evidence confirming this view.

(c) Mr. Mudaliar and Mr. Benthall would recommend a reduction in officers in animal transport units with reference to the reduction in the number of animals in such units.

(d) Mr. Mudaliar and Mr. Benthall consider that the cost of training mechanical transport drivers is too high.

(e) Mr. Mudaliar would like to know the scales of pay and allowances of the Anglo-Indians referred to on page 112 of the Army Budget.

Vehicle Reception Depot.—Mr. Mudaliar and Mr. Benthall both accept the necessity for this.

Central Mechanical Transport Depot.—Both Mr. Mudaliar and Mr. Benthall consider that the cost of the staff employed on stores seems excessive. They both consider that the pay of artificers referred to on page 25 of the Quarter-Master General's note should be reduced forthwith.

Substitution of Civil agencies for Military agencies at Cis-Indus stations.—Mr. Mudaliar thinks that in Cis-Indus stations civil agencies should be substituted for military personnel for administrative work such as that at supply depots, etc.

Hired Transport.—Both Mr. Mudaliar and Mr. Benthall consider that existing Army transport should be still further used to save the cost of hired transport even at the risk of splitting up mechanical transport units still further.

Transportation.

System of annual relief of units.—Mr. Mudaliar and Mr. Benthall consider that these movements should be confined for the next few years to a narrow circle near the frontier.

Furlough passages for the Indian Army.—Mr. Benthall would press that the examination of this question should be pursued and that reduction should be made in these furlough passages. Mr. Mudaliar before expressing an opinion would like to know how many men avail themselves of the privilege and for what period.

Removal of soldiers and their families to the hills.—Mr. Mudaliar and Mr. Benthall both think that this should be very considerably curtailed.

Embarkation Staff.—Neither Mr. Mudaliar nor Mr. Benthall makes any recommendation in regard to this.

Travelling Warrants and allowances.—Mr. Benthall is in favour of the principle that travelling warrants should be issued for officers and stores vouchers for baggage and appropriate allowances should be given as an alternative to the present system of the grant of so many fares in cash. He thinks this change of system would reduce criticism though it might not save so much as would be saved by curtailing travelling. Mr. Mudaliar makes no recommendation on this point but thinks that the travelling allowance on permanent transfer is too high and should be reduced.

General Cost of Transportation.—Mr. Mudaliar and Mr. Benthall both consider that reduction of at least 10 per cent. in the total cost of transportation should be aimed at taking into account the savings on individual items which are being considered separately.

Military Rolling Stock.—Neither Mr. Mudaliar nor Mr. Benthall has any recommendation to make in regard to this.

Saloons.—Both Mr. Mudaliar and Mr. Benthall think that some reduction should be made in regard to the use and cost of saloons, but they would like to see what the Quarter-Master General is proposing before making any recommendation.

Grade of accommodation on freight ships.—Both Mr. Mudaliar and Mr. Benthall recommend that there should be reduction in the grade of accommodation at present allotted on freight ships to various classes of officers.

Camping Grounds.—Mr. Mudaliar thinks that these should be disposed of so far as possible. Mr. Benthall agrees but would retain a right to use of wells, etc.

Movement of supplies under the Central Purchase System.—Mr. Mudaliar had no remarks to make on this.

Launches.—Mr. Mudaliar and Mr. Benthall both consider that these should be immediately got rid of.

General Notes by Mr. Benthall.

Military Engineer Services.—Mr. Benthall would cut out for the next year or so all expenditure on new works except on such new works as are necessary to keep up the existing accommodation. He would restrict the Rs. 1,20,00,000 referred to in Mr. Macleod's Memorandum as normal expenditure on new works to Rs. 20,00,000 and then only subject to proof of absolute necessity for fresh buildings in each case. If this is

done, he considers that the R. E. officers can then concentrate their attention on supervision of maintenance services and probably reduce the cost of maintenance by 10 per cent. by better supervision.

He also considers that the maintenance of electrical and other communications should be examined by some outside expert with a view to effecting economies.

Territorial and Auxiliary Forces.—He considers that, under present conditions, these forces give no satisfaction either to the public or to the Military and the question should be reviewed with a view to seeing whether arrangements cannot be devised which will, without additional expense, make these forces both of military value and also make them satisfactory to public opinion. He also considers that units of arms other than infantry, if of no military value, should be converted into infantry provided this would result in economy.

General Remarks by Mr. Mudaliar.

Co-ordination of various defence agencies.—Mr. Mudaliar thinks that a sub-committee of the Army Retrenchment Committee should consult with the General Purposes Committee on the general question of co-ordination of various defence agencies on the frontier with a view to preventing overlapping of responsibilities and effecting economies.

Stocks.—Mr. Mudaliar thinks that the stocks of boots and clothing, etc., at present maintained are excessive.

Purchase of Hides.—Mr. Mudaliar thinks that the present joint purchase system existing between the Government and Messrs. Cooper Allen should be abolished.

Clothing Scale for Followers.—Mr. Mudaliar thinks that the clothing scales for followers should be reduced.

Veterinary Services.—The stipends for Veterinary students should be abolished.

Mechanical Transport Workshops.—Cost is much too heavy, both officers and men should be reduced.

Military Works.—He agrees entirely with Mr. Benthall. All new expenditure on buildings, electricity and furniture should cease during next year save where the G. O. C. of the Command certifies it to be absolutely essential for the safety of the Army.

APPENDIX D.

DETAILED QUESTIONNAIRES ISSUED BY THE ARMY SUB-COMMITTEE.

INSTRUCTIONAL AND EDUCATIONAL ESTABLISHMENTS.—(*Estimates page 70*).*General.*

(1) As regards all these establishments how far is the output regulated by demand ; how far in estimating the supply is account taken of the personnel trained in corresponding schools in the United Kingdom and now serving in India ; and for approximately how long do personnel trained in the schools in India remain in India after such training ?

(2) Is the general standard set by these schools not too high for purely Indian requirements ?

(3) Would it be possible and economical at any of the schools to substitute N. C. O. instructors for officer instructors ?

(4) In the case of all these establishments have the details of incidental and miscellaneous expenses been reviewed to see whether reduction cannot be made in view of the fall in prices ; (a 10% cut would yield over 15,000 rupees).

Physical Training School and Command Staffs.—What are the numbers (a) British (b) Indian officers and other ranks passing through the school annually ?

Staff College Quetta.

(1) What is the length of the course ? What is the total number of students ? How many officers from the Dominions are trained at Quetta ? What charge is made to the Dominion Governments for training their students ?

(2) How many instructors are of a higher grade than C. S. O. II ?

(3) Is the cost of a student a day given in the note the full cost (*e.g.*, inclusive of accommodation, travelling rations, etc.) ?

(4) Could arrangements be economically made for the students now trained at Quetta to be trained instead at Camberley ?

Small Arms School.

(1) Would it not be possible to combine the two wings ?

(2) Where is the Headquarter located ?

(3) What charges are made in respect of the vacancies allotted to Irregular Corps and on what are they based ?

(4) Would it not be possible to substitute Indian soldiers for British Soldiers in any of the cases in which the latter are now employed ?

(5) It is noted that six Indian Officers replace three British.

Equitation School.

(1) How many horses are retained on the establishment of the school ? Do students bring their own horses with them ?

(2) How many of the students is it estimated belong to arms other than the Cavalry ? When was the policy of sending such officers and N. C. Os. to the school introduced ? Under present financial conditions could not this policy be reviewed ?

(3) Why has the number of Indian officers and other ranks gone up from 206 in 1930-31 to 238 in 1931-32 (page 78 Army estimates) ?

(4) With the reduction in cavalry units is the school justified ?

Senior Officers School.

(1) On what basis is one-third of the vacancies allotted to British Service Officers ? What is the length of the course ?

School of Artillery.

(1) What is the average number of students at the school at one time ?

(2) What is the estimated annual expenditure of ammunition at the school ?

Royal Tank Corps School.

(1) The annual output of the school is given on page 83 of Army Estimates as 66 officers and 162 other ranks. The establishment of the Tank Corps in India is given on page 12 of the Estimates as 100 officers and 1,164 other ranks. For what other corps does the school cater? What is the establishment of officers and other ranks in such corps for which instruction is required? What is the relation between the Royal Tank Corps School and the Mechanical Transport School at Chaklala? What is the total number who have passed through the school?

(2) The Committee would be glad of further information regarding the probable effect on this school of the policy now under consideration in regard to light tanks. They would also be glad to be informed what additional training is given to Tank Corps personnel beyond what they receive in England now and what additional training it is contemplated will be necessary if the light tank is adopted.

Army School of Signalling.

(1) How is the work at this school divided between the training of personnel of the Corps of Signals and personnel of other units? What is the establishment of instructors in units which the school is designed to maintain and approximately how long do such instructors, when trained, remain in their units?

(2) What is the annual output of the school?

(3) What is the nature of the course conducted at the school and what is the length of the course?

ARMY EDUCATION (Estimates page 86).

1913-14.	1922-23.	1931-32.
11,70,000	27,25,000	35,32,000

Supervising and Inspecting Staff.

(1) Why is it necessary to maintain command inspectors in addition to district inspectors? Could not the former be abolished and certain districts amalgamated so as to reduce the number of inspectors?

Garrison Schools, etc.

(2) The Incheape Committee recommended that these educational facilities should be reviewed and limited. The Committee would like to know what has been done in this respect and what economies have or can be effected.

(3) What numbers of British troops are examined annually for various classes of certificate and what number qualify? Approximately what number of British troops coming to India already have third class or higher certificates?

(4) Is any education given to other than fighting troops?

(5) What are the educational and training grants shown on page 88 of Army Estimates and to whom are they given?

(6) What are the duties of the officers—do they do actual teaching or is this carried out by other ranks?

(7) As regards education of children, the Committee note that the cost is Rs. 165 per head per annum. What is the total number of schools, the average attendance at each and the normal size of a class?

(8) How far is use made of local schools for both British and Indian children?

(9) At what stations are Army schools maintained in which there exist schools for European or Anglo-Indian children?

(10) Why is it necessary to bring Army school mistresses from England? Would it be possible to employ locally trained teachers? What are the terms of service and average emoluments of a school mistress?

(11) Has any independent report been made upon the efficiency of this educational system?

(12) Generally why should the cost of education of the British soldier and his children fall upon the Indian taxpayer, considering that in the first case only partial and in the latter case practically no benefit accrues to India from this education ?

School of Education.

(13) The Committee understand that instructors trained here are mainly regimental instructors who do not belong to the A. E. C. What is the division of duties between instructors so trained and those on the establishment of the A. E. C. ? Could not numbers of A. E. C. be reduced by making greater use of regimental instructors ?

(14) Could not the Army School of Education be abolished or suspended in present financial circumstances, considering that a large number of students averaging about 1,000 a year have already been trained ? How is the annual out-turn made up ?

(15) What is the necessity for and the functions of the special wing ? Is this essential at the present time ? What is the average number of students ?

Royal Military College.

(16) Does this college educate boys for civil life also : if so, why should any charge in respect of such students fall upon the military estimates ?

K. G. R. I. M. Schools and Lawrence Schools.

(17) The Committee would like to know why these schools should be a charge on the military budget as it is understood that the Army receives little direct benefit therefrom. As regards the donation to Lovedale School, is this a perpetual commitment ?

(18) As regard the Kitchener College what is the out-turn, and the number at present being trained ? What is the place of this school in the general training system of the Indian Army ?

Miscellaneous.

(19) (a) What are the British Army School scholarships ?

(b) What are the duties of regimental munshies ?

(c) Have the amounts of language rewards been recently reviewed with the object of economy ?

(d) What is the justification for assistance to Unattached List ranks ? Why has there been so large an increase recently ?

(e) Why should students be sent to China and Japan for study purposes at the present time : to what other countries are they sent ?

(f) Why have the fees of examiners increased so much recently ?

SUPPLIES.—(*Estimates page 104 and page 234*).

The main points are—

(1) The reduction in the cost of I. A. S. C. stores from Ra. 324 lakhs in 1929-30 to Ra. 249 lakhs for the current year of which the main items are as follows :—

	Lakhs.
Provisions	149½
Grain and salt for animals	36½
Petrol and lubricants	10
Coal and firewood	24
Oil for lighting	4
Others	5½

The total staff employed has increased as follows :—

	B. O.	B. O. R.	I. O.	Civilians.	Followers.	Total.
1914	105	315	..	561	3,033	4,014
1931	161	373	68	751	3,175	4,528

As regards this organisation, the Committee would like to know :—

1. What is the pay of officers and other ranks of the Supply Service as compared with that of the fighting services and what reasons exist for the difference ?
2. Why is it necessary to maintain so many British officers and other ranks in an organization of this kind ? Would it be possible to employ more economically Indian civilian (or military) personnel in their place ?
3. As regards the trans-Indus organization what savings in officers and men would result from the adoption of Cis-Indus methods ?
4. What are the respective strengths of the trans Indus and Cis-Indus organizations, and the strength of the troops they serve ?
5. Can regimental transport not deliver rations to troops within cantonments ?
6. What were the numbers of troops and animals to be fed and of the supply personnel in 1922 and 1931 respectively ? Has increased efficiency of method led to a reduction of supply personnel beyond a reduction proportionate to the numbers to be supplied ?
7. What are the duties of followers of various grades and how are such followers distributed ?
8. What steps are taken to advertise tenders ? In what cases are open tenders invited and in what cases are limited tenders called for ? For what classes of case is a list of approved contractors kept ?
9. What is the objection to the publication of accepted tenders as the Committee understand is done by the High Commissioner and the Indian Stores Department ?
10. How many tender forms were issued for contracts of 10,000 rupees and over in the last 3 years : how many tenders for such contracts were received ? In how many cases, in contracts of 10,000 rupees and over in the last 3 years, have tenders been allowed to be revised after acceptance ? In how many cases, in contracts of 10,000 rupees and over have tenders other than the lowest been accepted, what were the reasons for such acceptance, and what was the excess cost over the lowest tender ?
11. Who decides when the lowest tender is not accepted and what control is exercised by the Finance Department over such cases ? Would it not be desirable to settle all these and similar contract questions (in contracts over a definite financial limit) by means of a contract board consisting of *e.g.*, a military officer, a financial representative and a civilian (official or non-official).
12. The Committee would like a statement showing the figures at which the principal commodities of supplies were purchased in each month for the last 12 months and a comparable figure of the prevailing prices at the same periods at three or four representative military stations. What are the prevailing contract rates of these principal commodities and the market rates so far as they are readily available ?
13. What is the need for the control purchase system being so widely extended ? Is it really economical in cases of supplies which are generally locally available in quantity ? Would it not be preferable in such cases to restrict the Controller of Contracts to the function of settling contracts on *f. o. r.* terms, leaving it to District Commanders, etc., to draw on contractors as required ? Would it not pay in the long run to revert to this system for all areas except the Northern Command in view of the high cost of transport to other areas ? Has the cost of transport increased under the central purchase scheme ? What steps are taken in each case under the central purchase scheme to secure the benefit of fall in prices ?
14. How far is the Indian Stores Department utilized at present in the purchase of I. A. S. C. supplies and to what extent can further use be made of that department ?

15. Are any steps taken to work in collaboration with those who purchase for regimental requirements *i.e.*, institutes ?
16. How many purchasing agents are there ; for what commodities are they employed and in what commands ? On what is their remuneration based ? Is it so fixed that the higher the price at which purchases are made the greater the remuneration ? What are the methods of checking and controlling the prices at which agents purchase or recommend purchase ? How is the price of *ghi* settled ?
18. Are all purchases in England made through the High Commissioner's office ?
19. What are the means by which local market rates are ascertained for purposes of comparison with central purchase rates ?
20. When articles are purchased from outside India (*e.g.*, sugar) what procedure is adopted to ensure that there is true economy in the purchase of foreign goods ? Why is sugar purchased from Java ?
21. Have any attempts been made to develop local supplies of goods now imported ? What steps are taken to ascertain whether indigenous goods cannot be supplied ?
22. What steps are taken in the case of alternative articles of supply (*e.g.*, coal and firewood) to ensure that the more economical article is purchased and used ?
23. How much of the 23 lakhs of rupees provided for local purchase of coal and firewood represents the purchase of coal and how much the purchase of firewood ? The Committee are not clear as to the position in regard to stocks.
24. They would like to know the volume of reserves of I. A. S. C. supplies and on what basis those are fixed. It appears that there is considerable expenditure on the turnover of provisions. Is this so ? What stocks are kept on unit charge ?
25. On what authority and by what methods are supplies condemned and declared obsolete ? What are the figures of losses in stock (*a*) in transit (*b*) from other causes, in the last three years ?
26. What is the system of control of the scale of issue of such articles as coal and firewood ?
27. What is the daily cost a head of the ration for British and Indian troops respectively ?
28. As regards the ration scheme what are the results in the case of selected units ? On what basis is the value of the ration fixed ? Would it be possible, economical and popular to introduce a system of a cash allowance in lieu of some portion of the ration at present supplied in kind ?
29. In the case of Indian units would it be advantageous to revert to the system by which they made their own feeding arrangements ? What would be the saving involved ?
30. Is there a daily messing allowance for British troops ? If so, has this been revised in accordance with the fall in prices and also with due regard to rates of exchange ? Is the rate of exchange taken into account in fixing any other allowance or entitlement ?
31. What special concessions in the way of fee or special scale of rations are given in certain areas such as Waziristan ? Are these still essential in present conditions ?
32. It appears that the Braithwaite Committee recommended certain reductions in both British troops' and Indian troops' rations. Has any action been taken on the recommendation and has the scale of ration since been examined ?

In addition there is the following provision for mechanical transport, stores and vehicles—

In India	13,20,000
Customs duty	9,00,000
In England	64,93,000
Building	18,00,000
Petrol & Oil	11,50,000
	<hr/>
	116,63,000

Further, the total value at cost prices of the vehicles in stock is over Rs. 4½ crores, the number being 4,000 while stocks in hand (spares) amount to Rs. 67 lakhs.

The Committee would like information on the following points :—

(i) What is the basis on which animal and mechanical transport are provided, and what are the contingencies which they are designed to meet. The same question arises in regard to all services and the Committee would be very glad if the Chief of the General Staff would as a preliminary to their further discussions explain the underlying policy.

(ii) The Committee understand that mechanical transport is very largely maintained for mobilization purposes and not on an economic peace basis. If this is so, having regard to present financial stringency, could not some risk be taken in regard to the mobilization position.

Can the military authorities say on what lines the British authorities work in regard to the provision of mechanical transport for mobilization purposes ?

(iii) Similarly, as regards first line transport, the Committee understand that for mobilization reasons it is maintained for Brigade and Divisional troops of 4 divisions on higher establishment. Could not a greater amount of transport be maintained on lower establishment having regard to present financial conditions ?

(iv) How much does a pack animal carry and how much a cart ? Apparently the weight and volume of first line transport has increased since 1914. If so, would it not be possible to revert to pack for first line transport and what would be the saving in such reversion ?

(v) Has the reduction in animal transport been commensurate with the increase in mechanical transport ?

(vi) Can a figure be given showing the total expenditure on animal, mechanical and hired transport in 1931 (including cost of fodder of animals, petrol, &c., and annual replacements) with a comparable figure for 1914.

(vii) What is the carrying capacity of animal transport and mechanical transport in Cwt. miles a day, and how does it compare with the similar carrying capacity of animal transport before the War ?

(viii) Can a diagram be prepared showing the stages covered by 1st, 2nd and 3rd line transport respectively ?

(ix) Can mules be requisitioned on mobilization ? If so can no reduction be made in peace establishments on this account ?

(x) For what purposes are camels used, and where are they used ?

(xi) What is the normal annual cost of replacement of animals ?

(xii) Is the programme of mechanization nearly complete ? Having regard to the present financial stringency, pending consideration of the question, could not all purchase of new vehicles be suspended ? How far are there outstanding commitments ?

(xiii) What is the normal annual cost of replacement of (a) the authorised establishment of mechanical transport vehicles and (b) of that part of the establishment which has already been completed ?

(xiv) How are the running expenses of Mechanical Transport calculated, i.e., are they calculated on a mileage allowance and if so is this only for vehicles in operation? (The Inchcape Committee recommended 1,000 miles). What is done with vehicles required only on mobilization, to what extent are they run during the year?

(xv) The Committee would like an analysis of vehicles by standard types. Are any types obsolete? By whom are changes in type authorized and how often are such changes made? How far are types used which have reliable agencies in India?

(xvi) Who decides whether a vehicle is obsolete or beyond further use? What are the lives of a car and lorry and how do they compare with the lives in England?

(xvii) What is the actual minimum establishment of Mechanical Transport required for peace work and how is it distributed by Commands? Why is a 6-wheeled section being retained at Kohat?

(xviii) The Inchcape Committee held that the establishment of mechanical transport of all kinds should not exceed 1,600; on what ground was this recommendation not accepted?

(xix) The Inchcape Committee recommended that Chaklala should be abandoned for M. T. purposes. Why was this not done?

(xx) Could not the work of the M. T. reception depot be done by the M. T. unit at Karachi or otherwise provided for?

(xxi) How many vehicles are completely overhauled annually and what is the average cost of overhaul including carriage to and from unit? What is the capacity of the shops and what the capacity of the mobile repair units? Is the capacity of these shops and units on a peace or war basis? Is the machinery in the shops adequate for the repair work undertaken and to what extent is it fully employed?

(xxii) The Committee would like further evidence regarding the capacity of civilian agencies for repair work and their use in cases where economy would be secured by such use.

(xxiii) Can the manufacturing resources in India not be developed to provide a reserve power of production and to set free reserves?

(xxiv) If it is necessary to provide M. T. on the basis now contemplated, would it be economical to institute an Army factory for the purpose?

(xxv) What are the qualifications of the British and Indian officers employed (a) with M. T. (b) in M. T. workshops?

(xxvi) Could not more Indian officers and artificers be employed in place of corresponding British ranks?

(xxvii) The Estimates (explanations p. 113) suggest that 1,000 drivers are trained every year: the note before the Committee gives the figure as 500. Which is correct? Has experience established that a 12 months' course is essential? What is the establishment to be maintained and what are the terms of enlistment? The cost (of training staff) works out apparently at 800 rupees a man trained. Would it be possible to carry out the training more economically through civil agencies?

(xxviii) Is not the staff of the Central Mechanical Stores Depot excessive? What is the staff with which they deal?

(xxix) The Committee would like to see one or two inspection reports rendered by the Inspectors of Mechanical Transport.

(xxx) Has expert advice, e.g., from the London General Omnibus Company in England ever been obtained as to the repair and overhaul system employed for M. T.

(xxxi) Are the increases in pay and establishment allowed for the Heavy Repair Shops in 1928-29 still necessary? Why were they given?

(xxxii) What is the necessity for a M. T. adviser in England?

(xxxiii) Are the roads in the probable sphere of operations sufficient to carry the establishment of transport provided?

(xxrv) How is the allotment of staff cars made and what control is exercised over their use? What control is exercised over the use of mechanical transport generally?

(xxrv) At what stations is hired transport employed, on what occasions and of what type? To what extent is it used merely "to encourage contractors" in order to have that source of supply readily available on mobilization.

(xxv) Could not all the military Launches be dispensed with forthwith?

TRANSPORTATION.

(Estimates p. 262.)

Rs.

The following are the principal items:—

(1) Embarkation staff	4,07,000
(2) Railway Transport staff and Rest Camps	1,18,000
(3) Travelling and outstation allowances	42,38,000
(4) Rail charges—annual relief movements, etc.	1,00,79,000
(5) Sea and Inland water charges	7,40,000
(6) Leave Passage concessions	20,00,000
(7) Hired transport	15,00,000
(8) Indian Troop Services (75,88,000) Contribution from H. M.'s Government (18,24,000)	57,64,000

The Committee would like further information on the following points:—

(1) Is it essential to maintain separate embarkation and Railway transport staff throughout the year instead of only during the busiest troping season? Could not the work be done by the staff at Bombay, etc., with additional local help during the busy season? How is the staff at present accommodated? Do the officers on the staff draw syce and forage allowances?

(2) What steps have been taken recently to reduce the expenditure on travelling and outstation allowances on transfer or on tour? What are the present rates and is it under contemplation to reduce them? Where allowance is given for baggage, is this charge paid on the actual amount incurred or is the full allowance drawn as a matter of course? Would not a system of railway passes be more economical?

(3) Could not the furlough passages for the Indian Army, which is a fairly new concession costing Rs. 9½ lakhs, be suspended in present circumstances?

(4) As regards relief movements, the Committee understand that there is a regular programme and that the total cost has been limited to Rs. 15 lakhs. In view of the financial crisis could not the relief programme be suspended for a year or two or in the alternative be so modified as to reduce the cost to at least one-third of the present cost? Is any economy possible by movement by road?

(5) What steps have been taken to minimise the movements of stores? Is not the system of central purchase largely responsible for the heavy expenditure on movements of stores?

(6) As regards the Army rolling stock, the Committee note that 75 cars, etc., cost 9½ per cent. on estimated value plus cost of haulage. What is the estimated total annual mileage run by these cars and how often are they used? What would be the comparative cost of requisitioning accommodation as required from time to time? The Committee would like to take evidence on this point.

(7) As regards saloons for high officials, what charges are made by the Railways and what is the total annual cost involved? Should these be used by officers other than Principal Staff Officers? In present circumstances why should this privilege and the privilege of special reserved accommodation generally not be materially reduced?

(8) The Committee note that in former times much of the movement of troops was carried out by road necessitating camping grounds. Are these still maintained on the main roads at Government expense? If so, should they not be disposed of?

(9) How is the payment for the Indian troop service regulated and on what basis is the contribution of His Majesty's Government fixed? How are the freight levels fixed? How many men are transported now annually and how many were transported before the war?

(10) What steps are taken to ensure that accommodation is used to its fullest capacity? Has there been any reduction in expenditure on "packet" passages owing to better control?

(11) What persons are entitled to passage by troop ship and to what classes of accommodation on packet ships are various categories of passengers entitled?

(12) Are indulgence passages now given and if so on what basis?

(13) To whom are Lee concession passages granted?

(14) What are the details of the miscellaneous charges of Rs. 3,90,000 sub-head A minor head (e) page 266 Army Estimates?

(15) What are the rules governing movements of British soldiers' families to the hills, what are the numbers and cost involved?

REMOUNTS.

(Estimates page 124.)

	1913-14.	1931-32.	Receipts.
Remount Depots	} 27,23,000	14,70,000	} 22,000
Cultivation Farms		5,90,000	
Horse Mule and Breeding operations		5,90,000	} 2,50,000
Purchase of animals		24,77,000	
		<u>51,27,000</u>	

Staff.—Before the war there were 18 Remount officers and 10 Veterinary officers. Now there are 30 Remount officers and 8 Veterinary officers. (In 1927 unseconded attached regimental officers were seconded at a cost of Rs. 2,32,000.) In addition there are the following provided in the Budget:—

1931.	1914.
26 British Soldiers	31
196 Remount Squadrons .. .. .	..
2,120 Stable and other establishment }	} 5,000
1,309 Clerical and other establishment }	

The following savings have recently been effected: Rs. 18,000 by reduction of 68 bullocks. The following are the figures of horses and mules, imported and local:—

	1927-28.	1930-31.	1931-32.
Draught Horses	727	1,050	607
Riding horses	1,098	1,525	1,963
Riding Horses (Indian)	827	1,050	..
Mules Artillery	233	313	236
Mules Light	150	60	..
A. T. Mules (Indian)	764	..	Not settled.

The Committee would like information on the following points:—

(1) What are the total annual requirements of horses and mules for the Army and from what sources are they obtained?

- (2) Why is there an increase in the number of riding horses to be purchased in 1931-32 ?
- (3) What are the recent reductions in each class of horses and mules attributable to mechanisation ?
- (4) What reserve of horses and mules is maintained and where are these reserve horses and mules kept ?
- (5) What steps are taken to encourage the breeding of riding horses and of mules in India and what have been the results ? What is the total cost of breeding operations to the State ? Could not draught horses be bred in India ?
- (6) What is the extent and value of the land grants made for breeding purposes ? What results have been obtained and what prices are paid for the animals so bred ?
- (7) In acting on the assumption that India cannot produce sufficient animals to meet annual replacements in the Army, is an excessive standard aimed at ? Was not a great deal achieved from indigenous sources during the war ?
- (8) What are the purchasing agencies for the purchase of horses ? What remuneration do they receive for the purchase of both imported and local horses ?
- (9) On what basis and by whom is the purchase price of animals fixed ?
- (10) The Committee note that six months acclimatization is regarded as necessary in the case of imported horses. What, in fact, is the average period of retention at present and what is the cost per head of acclimatization ? Could not this period be dispensed with in present conditions or materially reduced or, at any rate, could not a trial be made in certain units of posting unacclimatized horses to them ?
- (11) What is the wastage of horses during the time of acclimatization ?
- (12) Could imported horses be bought after they have been acclimatized and, if so, at what price ?
- (13) What has been the average cost to the State at the time of (a) purchase (b) issue for service of each class of animal imported, locally bred or locally purchased and what are the items which make up the difference between (a) and (b), e.g., transport, food and overhead charges.
- (14) Is there any delay between the landing of imported horses, and their purchase by Government and, if so, is this taken into account in the price ?
- (15) Could Remount depots be leased to contractors or civil agencies to manage and, if so, would this result in economies ?
- (16) Does the forage scale vary during the period of an animal's acclimatization and of its subsequent service ?
- (16A) What are the number and rank of officers who have to maintain chargers and what are the rules as regards the optional maintenance of chargers ? What has been the cost of chargers to the State and what are the prices charged to officers ?
- (17) Is it necessary to maintain a Directorate of Remounts at Army Headquarters as well as a Veterinary Directorate ? What are the duties of the Remount officers ?
- (18) What is the pay of the officers of the Remount Department and how does it compare with that of similar ranks in the fighting services ? Why is it necessary to second all officers for the Remount Department ?
- (19) Could economies be secured by the employment of retired pay officers and of reservists instead of serving officers and other ranks.
- (20) The Inchcape Committee noted that the Braithwaite Committee made proposals calculated to save Rs. 13 lakhs a year and recommended the adoption of their proposals. Have those proposals in fact been adopted and, if not, on what ground ?
- (21) The Inchcape Committee recommended the reduction of the war reserves by a system of registration in India of horses suitable for military purposes. Has this been done ?

(22) What is the system of calculating annual wastage of the various classes ? At what age are horses and mules cast and by what authority ? Could not the age be increased at least in certain units ?

(23) What is done with cast animals ? What is the proportion between the original cost price and the price realised on casting ? What is the average period of retention of an animal in the service ?

(24) Having regard to the present financial stringency, the Committee feel that it may be impossible to afford an organisation on so expensive a scale as the Remount Department at present is. They would like to know what reductions could be effected to save, say, 20 per cent. of the total present cost, namely, Ra. 10 lakhs.

(25) The Committee would like a statement showing the total establishment of animals in the Army during the past five years and the total expenditure during each of those years on the Remount and Veterinary establishments respectively.

VETERINARY SERVICES.

(Estimates page 128.)

1. On page 23 of Q. M. G.'s Memorandum number 4 the peace establishment of the Army Veterinary Services for the years 1913-14, 1920-21 and 1930-31 is given as follows :—

	1913-14.	1920-21.	1930-31.
British Officers.. .. .	64	81	66
British Other Ranks	23	23	4
Vet. Asst. Surgeons .. .. .	..	219	132
Clerks	29	47	54
Indian Other Ranks .. .. .	..	1,470	542+222 reservists.
Followers Class I .. .. .	..	119	87
Menials	4	2	3

The Committee would like to know how these figures are divided between administrative and executive posts, remounts (if included) and leave reserve.

2. What has been the total animal establishment for the past five years, distinguishing between animals in fighting and transport units and those in establishments, etc., and what the cost and numbers of the establishment for veterinary services during each of those years ?

3. On what lines is the establishment for veterinary services worked out ? As regards expansion on the outbreak of war, what reserves are there of officers and men ? What are the terms of enlistment of men ?

4. What is the total number of veterinary hospitals, what their total capacity, the average number of sick animals in hospital and the maximum number at any one time ? At what stations are these hospitals and what is the total number of animals at these stations ?

5. Would it not be possible and economical to increase the number of Indian officers in substitution of British officers or to employ civil agencies for animals attached to establishments such as dairy farms ?

6. What are the technical qualifications of the British officers ? On what terms are they employed ? How many were brought from overseas, and how many engaged in India ?

7. What is the necessity for the veterinary schools at Ambala and Poona in view of the fact that there are veterinary schools at Bombay and Lahore ?

8. Why should fees and allowances be paid in respect of military students under training at Lahore ? What is the number of students under training ? How are the students chosen, and why is it not possible to recruit qualified civilians direct for appointment as Veterinary Assistant Surgeon ?

9. Is it not possible by taking some slight risks to reduce the cost of this department ?

MEDICAL SERVICES AND STORE DEPOTS.

(Estimates pages 136, 138 and 178.)

The main items of expenditure in the current year's budget are—

	Rs.
Medical Services (p. 138)	1,48,09,000
Furlough allowances and Overseas pay in England (p. 170)	15,50,000
Medical Colleges and Schools (p. 136)	2,97,000
Medical Stores Depot (p. 178)	29,33,000
Purchases in England (p. 193)	13,50,000
Medical Directorate at Army Headquarters (p. 208) ..	5,14,000
M. E. S. charges for hospitals work in progress and new works (p. 368)	12,50,000

Against these charges the main receipts are as follows :—

Hospital revenues (p. 174)	3,20,000
Receipts for medical stores (p. 194)	34,03,000

The above is not a complete statement of the actual cost of the medical services as it does not include charges for—

- (a) medical instruments and supplies to hospitals (Rs. 15 lakhs).
- (b) provisions and diet for patients.
- (c) free rations to staff.
- (d) clothing for patients and staff.

Cost accounts are not now maintained on this basis but the total for these heads in 1922-23 was Rs. 1½ crores and despite the fall in prices must be a considerable sum today.

2. The staff is as follows (there is some discrepancy between the figures in the Inchoape Report and those now given by the medical authorities in their note):—

	1913-14.	1922-23.	1931-32.
R. A. M. C. officers	333	332	290
I. M.S. officers	273	495	397
B. O. R. .. .. .	..	450	460
Assistant Surgeons	436	416	365
Sub-Assistant Surgeons	731	739	742
I. H. C.	6,512	12,065	9,413
I. H. C. Reserve .. .. .	..	..	4,300
Dental Officers	7	18	26
Nursing Sisters	91	267	279

3. As regards establishment charges, it is stated that the increase in cost has been from about Rs. 80 lakhs in 1913-14 to 1,80 lakhs at the present day. The increase of 80 lakhs is mainly due to increases in the general scales of pay and allowances and the increases in staff.

4. The Committee are particularly impressed by the heavy increase in expenditure on the Medical Services since 1914. It has been suggested that the findings of the Mesopotamia Enquiry have contributed largely to this increase and, if so, it is necessary to keep in mind that, as the Committee understand the position, the chief purpose of the Army in India is not participation in foreign wars, but the defence of India against foreign

aggression and the maintenance of internal peace. While the results of improved medical supervision are fully recognised, the Committee feel on the evidence at present before them that in the present financial crisis the country cannot afford such high standards and that the medical services must share in the general retrenchment of expenditure. They would therefore ask the medical authorities to consider whether it is not possible to effect a considerable and early reduction in the present scale of expenditure and in particular to examine the points suggested in the following questions :—

- (1) Would it not be possible to substitute for some portion of the R. A. M. C. and I. M. S. officers of the Assistant Surgeon class to perform the duties of the former ? Would it be possible to effect economy by substituting a smaller number of the Assistant Surgeon class for a larger number of the Sub-Assistant class, the Assistant Surgeon class being re-modelled if necessary ?
- (2) How many of the officers now serving are on a temporary basis and what are the usual terms of such service ? If the temporary officers are not included what are their numbers ?
- (3) As regards British Other Ranks costing about Rs. 7 lakhs, who did not exist in 1913-14 as a separate branch, should not these be replaced by a cheaper service of Indian (including Anglo-Indian) origin ? What does the training of these B. O. Rs. cost ?
- (4) Is the number of officers fixed in a definite proportion to the number of troops ? If so, what is the corresponding percentage in the United Kingdom ?
- (5) Why is it necessary to employ such a large number of European nursing sisters ? Could not these be replaced at a considerable saving by nurses of Indian including Anglo-Indian origin and training ? What are the pay and allowances of European Sisters and what other emoluments or concessions do they enjoy.
- (6) What is the financial effect of the Lee Concession as regards (a) overseas pay and (b) sea passage allowances in the case of the medical services.
- (7) The Inchcape Committee noted that British Hospitals were then not used to a quarter of their capacity and Indian hospitals only to about one-third of their capacity. They recommended closing down hospitals whose retention has not been justified and a substantial reduction in the number of beds. It would appear that some reduction has been effected but the Committee are not satisfied on present evidence that sufficient has been done in these respects and desire to be furnished with further information in reply to the detailed questions in Annexure A.
- (8) Is any estimate possible of the present total expenditure on provisions, clothing and diets ? How is the scale of bedding and clothing fixed for each hospital, e.g., is full equipment maintained for each bed ? What steps can be taken to reduce this expenditure by adoption of lower scales of diet and equipment ?
- (9) As regards the Indian hospital corps, what rates of pay and concessions are given as compared with corresponding ranks in the fighting services and if the rates are higher, what is the reason ?
- (10) As regards hospital recoveries, what is the scale of charges made and could not these be increased ? Are special recoveries made for treatment by specialists (see question 13). Under what conditions do (a) officers, (b) other ranks, (c) officers' families, (d) the families of other ranks, (e) retired officers, get free medical attendance and free hospital accommodation ?
- (11) As regards Dental Officers, what are the present numbers and why has there been so large an increase since the Inchcape Committee ? (On page 139 of Army Estimates the numbers are given as 35 ; on Statement B before the Committee as 26.) Are any of these officers Indians ? Is this expenditure on this staff lower than the cost of contract work by civilian dentists ?

- (12) The Committee note that about Rs. 5 lakhs is the estimated expenditure on preparation for war over and above peace requirements. In the present times should not some further risk be undertaken and this expenditure be eliminated ? On what basis is the estimate of 5 lakhs arrived at ?
- (13) What allowances are paid to specialist officers over and above their regular pay ? The Committee note that 91 such officers are employed. What duties do they perform ?
- (14) The Committee note that 45 officers are included in the organisation of the Pathological and Hygiene services. Do these officers receive special rates of pay and could not economy be effected by reduction of numbers by combination of areas or of duties. How far are the results of these officers' work and research made available for the use of the country as a whole ?
- (15) In present times cannot a larger risk be taken by reduction of the number and equipment of field medical units ? What is the number of motor ambulances in use and in reserve ? Cannot a saving be made by arranging for improvisation in war ?
- (16) The Committee note that the value of medical stores held amounted to nearly Rs. 36 lakhs in 1930. Does this include both working stocks and mobilisation reserves and, if so, on what basis ? In the present times could not the total amount of stocks be materially reduced.
- (17) As regards Medical Colleges and Schools, the Committee observe that it may be possible to recruit Sub-Assistant Surgeons directly. They would like to know whether steps will be taken to carry this into effect and what will be the ultimate saving. They do not understand why the same policy should not apply to Military Assistant Surgeons.
- (18) As regards medical stores depots, the Committee would like to know whether it would not be possible to abolish one or more of the depots and thus save overhead expenses. They also desire to be furnished with further information asked for in Annexure B.
- (19) The Committee note that the depots apparently show a very small margin of profit. Should not prices to non-military customers be increased to give a better return ? Do the railways use the depots for their full requirements ? Is expansion of business possible in other directions ?
- (20) As regards the I. H. C. the Committee note that it is proposed to increase the rates of pay and would like to know what this is likely to cost and whether such further expenditure should not be avoided at the present time. As regards the reservists, could not economy be secured by reducing the periods of training and would it not be possible by increasing the reserve to reduce the number of serving soldiers ? Could more use be made of V. A. D. and similar civilian organizations ?
- (21) They observe that Rs. 12½ lakhs are proposed for expenditure on hospital buildings. They would like to know whether all further building could not cease until financial conditions improve. In this connection they would like to know whether there is a settled programme and, if so, what has been accomplished and what remains to be done.
- (22) Has effect been given to the scheme for increase of pay of Assistant Surgeons (page 139 Army Budget) ?
- (23) What is the percentage of expenditure on medical services in the Indian Army compared with that of the French Army in North Africa and the British Army in Egypt ? What is the cost of the medical services in France and Italy ?

ANNEXURE A.

The Committee would like to have the following details for each military hospital at the headquarters of Districts and Brigades :—

(1) The number of (a) fighting troops, (b) non-fighting troops and (c) other persons ordinarily served by each hospital and the lowest and highest number during each of the periods—

1st half of 1930,

2nd half of 1930,

1st half of 1931.

(2) The number of patients treated at each hospital (in-patients and out-patients if any separately) showing the highest and the lowest number on any days in the years 1928, 1929, 1930 and 1st half of 1931 and the daily average for each year and each quarter.

(3) The number of beds provided in each hospital.

[N.B.—In the case of (1), (2) and (3) officers, men and families should be shown separately.]

(4) The sanctioned strength of staff and existing strength for each hospital under the following heads :—

(i) Officers.

(ii) Assistant Surgeons and Sub-Assistant Surgeons.

(iii) Matrons and Nurses.

(iv) Nursing Orderlies.

In the case of officers, distinction should be made between European and Indian officers and in others between Europeans, Anglo-Indians and Indians.

(5) The total annual cost of each hospital for the last 3 years under the following heads if possible :—

(a) Establishment—(1) Officers, (2) Others and (3) Menials.

(b) Equipment, .g., surgical instruments, etc.

(c) Medicines, drugs, bandages, etc.

(d) Diet of (1) patients and (2) establishment.

(e) Clothing.

(f) Cost of dispensaries attached to units.

(6) The original cost of discarded articles disposed of and the amount realised.

What agency is employed for discarding medical stores as unserviceable. Are such stores disposed of locally or sent considerable distances to central depots before disposal ?

(7) In each case what economies could, in the opinion of the principal officer in charge, be effected ? Have the officers in charge of hospital sufficient financial powers to avoid unnecessary correspondence ? Could the officer in charge of the hospital be relieved of any administrative duties ?

(8) Where British and Indian troops are stationed together, how far are amalgamations of hospitals already in force. At what stations are there still separate hospitals : to what extent can amalgamation be effected at such stations.

ANNEXURE B.

MEDICAL STORES DEPOTS.

- (1) What are the methods of purchase of (a) local (b) imported stores ?
To what extent can instruments be manufactured at Medical Store Depots ?
 - (2) Are open tenders invited for stores and by whom are tender forms issued and accepted ?
 - (3) What is the volume of receipts and issues in a year at each depot ?
 - (4) What is the proportionate value of imported and local stores, respectively, purchased in a year and the proportionate value of departmentally manufactured stores ?
 - (5) What is the proportion of issues to military and civil consumers respectively ?
 - (6) How are issue prices fixed for (a) military (b) non-military consumers ?
 - (7) In calculating requirements for purchases is regard paid to the quantity or to the cost of previous annual issues ?
 - (8) What are the limits of powers of write-off possessed by the O. C. Medical Stores depot ? In what cases is a Board of enquiry necessary before write-off ?
 - (9) By what agency are imported stores brought to India ? Could economy be effected in sea freight of such stores by arrangements for packing and despatch in larger quantities ?
 - (10) What has been the total loss of stock in the depots during the last three years by deterioration or otherwise ? Are there any obsolete stores now in stock ?
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MILITARY ACCOUNTS OFFICES.

(Estimates page 144.)

The Committee are greatly impressed by the large increase in numbers and expenditure since 1914 and note that officers of the subordinate service have increased from 25 to 101 while accountants and clerks have increased from 1,956 to 4,483. The total cost has also risen from Rs. 30 lakhs to over 1,10 lakhs at the present day.

They understand that of the total increase the following are due to additional work transferred to the Department since 1913-14:—

	Lakhs.
(a) M. E. S.	} 17
Factories	
R. I. M.	
R. A. F.	
(b) Unit pay accounts	11
(c) Priced store accounts	9
Total	37

The Committee would like information on the following points—

(1) How far are the additions noted at (a) or (b) above merely a transfer of existing work and establishment and how far has additional work been undertaken? Would there be any saving by reversion to the old methods? Can an estimate be given of the cost involved in the old system under which the M. E. S., Factories and R. I. M. respectively were kept, and if increased expenditure is involved in the present system is there a commensurate increase in efficiency?

(2) Has there been any decrease in R. I. M. activities since the accounts were taken over. If so, has there been any corresponding decrease in the accounts and accountant staff?

(3) Would a reduction in the volume of military works result in a corresponding reduction in accounts staff?

(4) As regards unit accountants could economy be effected by centralisation? The Committee would like evidence on the merits of the present system from the military authorities, and as to how it compares with the old system as regards economy and efficiency.

(5) What saving approximately would be effected by the abolition of priced store accounts allowing for the minimum additional work necessary in connection with audit?

(6) Could a saving be secured by simplification of factory accounts?

(7) The Committee would like to know the extent of audit in the most important classes of expenditure. They would like to be informed of the audit processes in connection with—

- (a) Officers pay bills.
- (b) Pay bills of men of regimental units.
- (c) Travelling allowance Bills.
- (d) An item of local purchase.
- (e) An item of central purchase.

Have there been changes in the method of audit since 1914, and if so have the changes resulted in increase of staff? If the 1914 method was more economical and reasonably efficient what are the grounds for not reverting to it?

(8) In the case of interdepartmental adjustment such as between the Military Accounts and the Railways, or between the Military Accounts and Post and Telegraph Services what degree of examination of claims takes place and could this be materially relaxed?

(9) To what extent is information required from the Accounts Department for purposes of control and classification, reviewed from time to time with a view to considering with the branches concerned the possibility of simplification and reduction of work ?

(10) Are any further amalgamations of offices possible in addition to those proposed : in particular is expenditure on separate Marine and R. A. F. offices justifiable ?

(11) To what extent has outside expert advice been taken regarding the introduction of machines and other labour saving devices into accounts offices ?

(12) Why have Equipment allowance schemes not worked satisfactorily ? Is the failure in any way due to the cost of accounting involved ?

(13) The Committee would like further information regarding the audit of the Army List.

(14) Is the disciplinary action taken in cases of financial irregularity sufficiently deterrent to prevent a recurrence of such irregularity ?

(15) Are the present rates of pay of the Accounts staff, including those of subordinate officers and of accountants, fully justified by the work done and in comparison with the rates paid in similar civil employment—e.g., in banks and firms of standing ?

(16) Why do Military Officers in the Accounts Department draw 200 rupees a month in addition to ordinary rates of pay ?

(17) Why is duty allowance paid to various classes ?

(18) What is the distinction between local and compensatory allowances ? Can both allowances be drawn at one time by the same individual ? How are the allowances fixed ?

(19) Why should officers in the Military Accounts Department receive higher rates of pay than similar officers in the Civil Accounts Department on account of their liability to military service so long as that liability is not enforced ?

(20) How many officers of non-Asiatic domicile have been appointed since 1913 by direct recruitment and how many of Asiatic domicile, and what is the pay of the former compared with that of the latter ?

(21) Out of the total number of officers promoted how many get overseas pay ?

(22) How many Sea passages have in fact been granted since 1923 to officers promoted to the superior service ?

(23) What is the financial effect of extending the Lee concessions to the Military Accounts Department ?

(24) What is the standard of the Subordinate Accounts Service Examination ? Can the general standard of qualifications in the service be raised with resultant increase in efficiency and consequential economy ?

(25) How are the scales of work laid down for the clerks in the Department, arrived at ?

(26) What are the working hours in the Military Accounts Department ? Could they be increased ? Is there a system of overtime in the Department ?

(27) What is the average annual intake of recruits into the Department ?

(28) What would be the effect on the work of the Department of a 10% reduction in all ranks of staff, and what the effect of a reduction in expenditure of Rs. 20 lakhs ?

(29) The Committee agree with the suggestion regarding leave reserve in paragraph (2) of Appendix VI of the Memorandum on Military Accounts and think it is a matter in which early action should be taken.

MILITARY FINANCE.

The Committee at their meeting on the morning of the 14th July 1931 considered the Memoranda on Military Finance and part of the memoranda on Army accounts. They decided on the following questionnaire regarding Military Finance :—

(1) Why should not Military Accounts be under the control of the Auditor General on the same lines as civil accounts ?

(2) What is the staff of the Financial Adviser and what are the rates of pay? What economies in staff has the Financial Adviser proposed?

(3) Would it not strengthen financial control if greater continuity of office were secured in the case of the Financial Adviser?

(4) Why is it necessary that the Deputy Financial Advisers should have the rank of Deputy Secretary? Would it not suffice to have Assistant Financial Advisers in place of the present Deputy Financial Advisers?

(5) Apart from the control of new expenditure, what real effective control is exercised by the Financial Adviser and his officers over the day to day expenditure on standing charges?

(6) The Committee note that the number of references to the Financial Adviser's Department amounts to 1,300 a week. They would like to know whether this number could not be substantially reduced by giving larger powers to Controllers and others.

(7) Could not regulations be greatly simplified with the result of decrease in work?

(8) Could not economy be secured by greater decentralization and by the grant of increased financial powers to local military authorities down to unit commanders?

(9) How far has increased expenditure resulted from policies dictated by His Majesty's Government?

(10) How far are policies once accepted reviewed by Government from time to time?

(11) What actual control is exercised by the Governor General in Council over military expenditure?

(12) How far has the policy of bringing the Army on to modern lines been modified to meet the existing financial stringency and how far can it be so modified?

(13) Has any attempt been made to revise the contract budget figure taking into account the standard of efficiency already attained and the present financial stringency?

(14) The Committee would like to have the views of the military authorities on the merits and demerits of a stabilized budget.

(15) Could the principle of a stabilized budget be extended to lower formations down to and including units?

(16) Is the form of Army estimates capable of simplification without reducing the usefulness of the information given and without such alteration as would invalidate comparison with previous years?

ECCLIASTICAL.

(Estimates page 154.)

(1) What are the approximate numbers of all the various denominations of British troops stationed in India?

(2) Are the appointments of the R. C., Wesleyan and United Board Chaplains full time? Do they also minister to the civil population?

(3) On what basis have the stipends of the various ministers of the three denominations referred to above been fixed?

(4) What is the justification for payment of a composition fee for sittings in addition to capitation payments and permanent salaries?

(5) What limitation is imposed on the travelling performed by chaplains?

CANTONMENTS.

(Estimates page 156.)

1. What are the arrangements for supply of water in cantonments? How is the cost calculated? Who are entitled consumers and with whom does the decision as to entitle-

ment rest? What rates are charged to non-entitled consumers? What steps are taken by meter or otherwise to regulate the waste of water?

(2) Why are the rates of taxation in cantonments a matter for the decision of Local Governments when the cost of cantonments falls on military estimates?

(3) Are the figures contained in the note submitted to the Committee, relating to the rate of taxation in cantonments and municipalities respectively, based on the incidence of taxation per head or on the actual rate of taxation?

(4) What are the heads of taxation in a cantonment and how do rates under each head compare with those in force in neighbouring municipalities?

(5) Is not the standard of administration in cantonments generally speaking considerably higher than in ordinary municipalities? If so, what is the justification for charging in any case a lower rate of tax than the neighbouring municipalities impose? Approximately what additional revenue would be obtained if all the taxes in cantonments, which are at present lower than those of the neighbouring municipalities, were brought up to the municipalities, rate?

(6) In what cases, if any, has a Local Government refused to sanction the rate of taxation recommended by a Cantonment Board?

(7) What is the total cost of cantonments to the Army under various heads?

(8) The Committee would like to see the budget estimates of three representative cantonments, e.g., Rawalpindi, Poona and Allahabad or Karachi.

(9) The Committee understand that a great deal of the revenue of cantonments is derived from payments made from Army estimates for conservancy and other services. On what are these payments based?

(10) What is the income from land composed of? Is it a recurring receipt?

(11) What are the duties of the Military Estate Officers? What are their rates of pay and other emoluments and what is their total cost?

(12) What are the rates of pay for executive and inspecting officers? What is the revenue, apart from Government grants, of the cantonments in which they are serving? Could not a more economical civil agency be employed or retired officers?

(13) What are the duties of inspecting officers and why is it necessary to appoint assistants who act for them while they are away on inspection? If administrative duties are involved, why should such duties not be entrusted to Command staffs?

(14) Why cannot the position of President of the Secunderabad Cantonment be undertaken by a more junior or a retired officer? The Committee will ask that no decision should be taken on extending this kind of arrangement elsewhere until they have had an opportunity of expressing an opinion on the subject.

(15) As regards the Director at Headquarters, cannot cantonment administration be finally delegated to Commands?

(16) What are the pay and emoluments of the Director at headquarters?

INSPECTION (*page 158 Army Estimates*).

(1) What is the total staff, by grades, employed under the various Inspectors of Stores and Clothing, Warlike Stores and Chemicals? What are the rates of pay and total cost of each inspectorate?

(2) To what extent are Indians employed in various grades in these departments, and what programme of extension of such employment is in contemplation?

(3) What is the percentage of inspection of (a) stores produced in Army Factories (b) stores purchased from the trade? Is no reduction in the percentage of inspection possible?

(4) In the case of stores produced in Army Factories, what is the extent of inspection in the factories by factory staff? Can no reduction be made in the total amount of in

specification of stores produced in Army Factories at present carried out by the factory staff and the inspection staff ?

(5) What is the percentage of rejections (in representative cases) of articles produced by the factories and purchased from the trade respectively ?

(6) Who inspects articles supplied (a) through the Indian Stores Department (b) through the Stores Department in London ? If there is any Army inspection what is the percentage of rejection in such cases ?

(7) Would it be possible and economical to employ the Inspectors of the Indian Stores Department for the inspection of all army stores except lethal weapons ? In any case would this not be possible at places where inspectorates of the Indian Stores Department already exist, e.g., Calcutta ? What co-ordination now exists between the inspectorates of the two departments and to what extent can it be extended with economy ?

(8) The Committee observe that the cost of Ordnance Inspection shown on page 158 of Army Estimates is over Rs. 15 lakhs. This appears to be high : is no reduction possible ? How far is it justified by results ?

(9) As regards inspection of stores in the hands of troops, is the inspection hundred per cent. annually and is it performed by the Inspection Department, the L. O. D. or both ? How in the case of small arms does this compare with the inspection carried out in England of small arms in possession of British units ? To what extent can inspection of stores in the hands of troops be minimized ?

(10) Is there any Inspection staff employed by the Railways to deal with stores of a similar character to any of those purchased by the Army ? If so, what co-ordination with that staff is possible ?

(11) Why should not the staff of the Inspection departments be completely demilitarized ?

MISCELLANEOUS SERVICES UNDER THE ADJUTANT GENERAL.

Cost of anti-malarial measures. (Page 166, Army Estimates.)—Do these measures extend to houses in cantonments or are they confined to barracks, hospitals, etc ? What is the programme of new works ?

Rest Camps, Rs. 29,000. (Page 166, Army Estimates.)—(1) It is noted that three British soldiers are employed. Could their places be taken by Indian soldiers or pensioners with economy ?

(2) Are these camps open throughout the year : in what months are they used ?

(3) Why are so many followers required and what are their duties ? How many are there in each camp ?

Miscellaneous Donations to Institutions, etc. (Page 166, Army Estimates.)—What is the basis of these payments ? Is no reduction possible ?

Hill Depots and Sanitoria Rs. 1,84,000. (Page 162, Army Estimates.)—(1) Can an estimate be given of the total annual cost of the policy of maintaining these institutions including, e.g., transportation conservancy, etc. ? Would it not be possible to modify the policy with a view to economy ?

(2) Under what system are men and families sent to the hills and who are entitled to the concession ?

(3) Is full use made of Army transport for the purpose ?

(4) Do the personnel of these establishments remain on regimental strength ? If not, could not pensioners be employed with advantage in lieu of serving soldiers ?

Recruiting staff Rs. 3,39,800. (Page 160, Army Estimates.)—(1) As regards seconded officers, would it not be economical to employ Indian or retired officers ? If serving British officers continue to be employed, could not officers of lesser rank be employed economically ? As regards other ranks, if these are not borne on regimental establishments, would it not be economical to employ pensioners ?

(2) Would there be economy in reverting to a policy of recruiting through regiments ?

(3) Would there be economy in amalgamating any of the centres, e.g., Delhi and Ajmere ?

(4) What is the system of recruiting Gurkha regiments? Could not recruits be raised locally from the sons of serving Gurkha soldiers?

(5) Are any rewards paid to recruiters? If so, at what rates?

(6) What is the total annual intake of recruits? Is there any difficulty in obtaining the requisite numbers?

(7) What is the cost of recruiting staff for each recruit raised?

(8) What payments are made to men before final attestation and what is the average time taken from the time when a recruit offers himself to the date of final attestation?

(9) What is the percentage of immediate rejections of recruits who offer themselves? What is the percentage of rejections of those provisionally accepted but rejected before final attestation?

Prisons and Detention Barracks Rs. 1,29,970. (Page 164, Army Estimates).—(1) What is (a) the daily average (b) the maximum number of men confined in each prison and detention barrack during the last three years and what the accommodation and, if possible, what is the cost a head for each prisoner or soldier detained?

(2) Are the detention barracks in Burma under construction?

(3) What limit of sentence, if any, determined whether a soldier sentenced to detention shall be sent to a detention barrack? Could not that limit be extended?

(4) Why has the number of staff increased from 15 to 34 as shown on page 164 of Army Estimates?

(5) What is the military rank of the Director? What are his functions? Would it not be economical to employ a retired officer?

(6) Would it be possible and economical to employ pensioners instead of serving soldiers?

(7) Could not the policy of replacing British soldiers by Indian clerks be carried further?

(8) Can any steps be taken to secure more employment for prisoners on such work as sack mending, etc.? Is full use made by Army departments, e.g., I. A. S. C. of such work as prisoners can produce?

Vocational Training. (Page 166, Army Estimates).—(1) Is it essential to maintain two full time officers on these duties: could not retired officers if necessary be economically employed?

(2) What is the justification for India bearing the cost of training from which in the end she does not derive benefit? Is there any vocational training for Indian troops?

(3) Are the men sent on vocational training to England replaced in India during their period of service?

(4) How many men given vocational training (a) in England, (b) in India take up civil employment connected with the Army in India subsequently?

(5) What steps are taken to ensure that adequate training is derived by soldiers attached to private firms?

Followers.—(1) What is the total number of followers attached to (1) fighting units (2) ancillary units and establishments.

(2) It is stated that among the followers are tailors and bootmakers. On what scale are these provided? Are they provided for British units? What are their total numbers?

(3) What are the functions of bootmakers and shoemakers in peace? The ordinary repair work of men's clothes and shoes is presumably paid for out of clothing allowance. If so, are the regimental tailors and shoemakers employed at all on this work, and do they receive pay from the men? If there is work in peace of the tailoring, shoe-making variety to be done at the public expense, could it not be more cheaply done by contract or outside bootmakers and tailors, or alternatively could not tailors and bootmakers be collected, at large stations, into Ordnance Shops, with economies resultant from centralisation?

(4) If tailors and bootmakers are retained in peace solely because they are wanted on emergency, would it not be possible to provide for them either (a) on a reserve basis, or (b) by retaining only sufficient for the units required to "mobilize" at once? And in that case, as the units would not always be the same, could the necessary numbers be kept in peace in Ordnance Workshops and despatched as required to units, or alternatively be ordnance personnel attached to particular units in peace and transferred from one unit to another as the units passed from the category of frontier to security troops.

(5) Are dhobies included among followers? If so, what are their functions?

(6) Is it necessary to have blacksmiths and saddlers attached to individual units? Could they not be centralised at least in the larger stations?

(7) Has any conclusion as to the total number of followers yet been reached? Is it impossible to obtain water carriers on mobilization? Is any other class of follower maintained in the same way mainly for mobilization purposes?

(8) Are any emoluments (e.g., clothing) drawn by followers other than pay and ration allowances?

(9) In actual practice are followers fed free by units in addition to drawing an allowance for ration?

(10) Are any reserve stocks maintained in order to supply followers on mobilization?

PRIZES FOR SKILL AT ARMS AND CONTRACT AND MISCELLANEOUS ALLOWANCES.

(Page 30—Army Estimates).

Charpoy Allowances .. .. .	.. .. .	Could not this be rolled up with kit allowance? How much is it?
Maintenance of typewriters .. .. .	.. .. .	What does this cover? And what is the amount?
Mess Allowance .. .. .	.. .. .	Do. do.
Band Allowance .. .. .	.. .. .	Do. do.
Allowance for cooking and crockery, Extra Mess Allowance. .	.. .. .	Do. do.
Allowance to supplement lead Fund .. .. .	.. .. .	What does this cover? And what is the amount?
The various stationery allowances .. .. .	.. .. .	Are these all for different units? Or are any applicable to the same unit? If the latter, why separate allowances?
Bonus for teaching a trade to a soldier .. .. .	.. .. .	To whom is this given? Is it part of the vocational training scheme? And does the soldier contribute?
Fees for defence of soldiers tried in Civil Courts.	.. .. .	Under what circumstances are these allowed?
School fees to N. C. O.'s children .. .. .	.. .. .	What are these and in what circumstances are they granted?
Charges on account of making, completing and fitting clothing.	.. .. .	What clothing is made regimentally? What fitting and completing charges are involved and to whom are they paid?
Maintenance of soldiers, gardens .. .. .	.. .. .	What is this?
Maintenance to insanes .. .. .	.. .. .	Does this continue after discharge?
Packing charges of Reservists kit .. .. .	.. .. .	What is this?

Generally it would be desirable if some verbal evidence could be given on all these items of miscellaneous expenditure. Have the rates been considered in the light of decreased

prices? In view of the heavy total to which these individual allowances and other items of expenditure amount, the Committee consider that each should be individually reviewed with the object of effecting a substantial reduction in total.

Reservists.—Would it be possible to reduce the period of training for either class of reservists (it is noted that the obligation to undergo periodical training is one of the causes of the unpopularity of the reserve).

Reserve of Officers.—What are the numbers by arms of the service? What is the retaining fee and during the last five years on how many occasions have officers of the Reserve of Officers been called up for service? Could this reserve not be reduced?

What is the basis of the grants to institutions, etc., under Minor Head (1) Miscellaneous? Is no reduction possible?

KIT AND CLOTHING ALLOWANCE.

1. What is the scale of clothing and necessaries for a British Infantry soldier? What lives are assigned to the various articles for British and Infantry soldiers respectively?

2. Do reasons still exist for not making a percentage cut in the case of British soldiers' allowance such as was made in that of Indian soldiers?

3. The Committee would like to have rather fuller information than the note contains about the financial arrangements regarding the supply of khaki drill clothing to British troops on posting to India?

4. As regards the mufti allowance granted to Indian soldiers, why should the State make any provision for mufti clothing? If it must be retained, would it be more economical to issue in kind and would the manufacture of such mufti be of advantage to the economical working of the clothing factory and would the provision of foot-wear in kind also ease the position as regards the contract for foot-wear? When was the allowance last revised and reduced? How is it calculated?

5. Are steps taken periodically to estimate the profit which both British and Indian troops appear to make out of their kit and clothing allowances?

6. What percentage of the clothing allowance returns to the State in payment for articles from Ordnance Stores? If possible this figure should be given by Arsenal and Depots.

7. The Committee would like to have the average annual issues other than to recruits during the last three years of ankle boots and khaki drill uniform. If possible, they would like to have the issues from say, (a) the Kirkee Arsenal, (b) the Rawalpindi Arsenal separately.

8. It appears from the note that replacements out of the clothing allowances are not by any means made solely by purchase from Ordnance: if this is so, in what way are average annual issues taken as the measures of the life of various articles?

9. Are there any cases in which chaplis, etc., could be economically substituted for boots?

10. In view of the fact that prices have fallen since 1930 ought not the allowance to be reviewed without delay and would it not be advantageous to have an annual review?

11. It is stated that troops are required to obtain their replacements from Ordnance but apparently do not do so to the full extent. Is this due to the fact that both the rates of issue and the allowance based on those rates are too high?

12. What are the scales of free issues of warm clothing at cold stations? What are the stations? And are the issues returned to store at the end of the cold weather?

13. How long has the great coat scheme been in force and are there any statistics to show that it has been a success?

14. Does the great coat scheme apply to British as well as Indian troops? If not, what is the system as regards British troops? Does the scheme take into account service in stations where great coats are very seldom worn? Can figures be given showing the

condemnation of great coats under the scheme in any infantry unit which has been stationed for 3 years or more in Calcutta, Allahabad or Bangalore and any infantry unit stationed for a similar period in Lahore or Rawalpindi ?

15. Why is the life of the great coat fixed at 5 years ? What is the life fixed in England and is the pattern the same ?

16. Is the great coat the same pattern and the same weight for all stations ? Is it necessary for all stations ? Would it be possible and economical to have different patterns and weights at different stations ?

17. Do the Auxiliary and Territorial forces and the University Training Corps receive great coats, and if so, what scheme applies to them ?

18. Would it not be economical to treat blankets and durries as public clothing ?

19. Do fellows receive free issues of any foot-wear or clothing ? If so, what. Could the issues, if any, be made from articles which may be considered unserviceable for fighting troops.

20. What is the outfit allowance, if any, given to officers of the British and Indian Services, to nurses and to school mistresses ?

MILITARY FARMS DEPARTMENT; GRASS FARMS.

(Estimates, Page 188).

The charges in the estimates are as follows :—

India	66,19,000
England	41,000
	66,60,000
Less receipts	4,10,000
	62,50,000

The staff is stated to be as follows :—

Officers	13
British Managers	49
British Students	5
Indian Overseers	90
Clerks	123

As regards officers, it is stated in the administration report for 1929-30 that the total number is 19 of whom 2 are at Army Headquarters. The discrepancy may kindly be explained.

The Committee would like to have information on the following points :—

(1) It is observed that the control of grass farms is being delegated to Commands saving Rs. 75,000. Can any further economies be made in the present financial crisis ?

(2) How are the officers distributed and what are their duties and those of the Director at Army Headquarters ?

(3) Who are the British students and on what terms are they appointed ?

(4) Is it necessary to have so many British Managers ? Could not less expensive Indian agency be employed ? What are the terms of employment of these Managers ? How are they recruited and with what qualifications ? If engaged on contract when do terms expire ?

(5) It is observed from the latest trading account that there was a net loss of Rs. 24,000 stated to be due to low rates of payment issues. To whom are these issues made and why have receipts fallen in recent years? How are prices of issue calculated? Can they be increased?

(6) How far has it been possible or will it be possible to close graas farms and reduce production and purchase of fodder as a result of mechanisation?

(7) Was it ever considered whether the farms could be let out to contract for a guaranteed supply?

(8) Could not farms undertake more extensively the supply of vegetables to troops?

(9) What stocks are held at present? Is it necessary to maintain a Farm Reserve as well as a mobilisation reserve?

(10) It is noted that the cost of fodder produced is cheaper than purchased fodder. Are the two classes of the same quality? What are the quantities of bhoosa and hay produced and purchased and what is the relative food value of each?

(11) Are grass farms as near as possible to the main consuming stations and are any uneconomically situated owing to cost of transport?

(12) With reference to page 25 of Administration Report, why do production rates vary so much (page 29). Why is the general supply rate so high at Quetta and Bannu and fodder losses also so high at these places (page 34)?

(13) Why are I. A. S. C. purchases so high in Lucknow and Peshawar circles? (page 27).

(14) What are the present purchase and production rates and how are latter rates calculated? What arrangements are in force for purchase of fodder?

(15) What are the miscellaneous charges of about Rs. 6 lakhs shewn on page 188 of the Estimates?

(16) How far can capital expenditure be eliminated at the present time?

(17) What is the cost of Lee concessions and sea passages? Are there any special allowance given in addition to pay?

DAIRY FARMS.

(Estimates, Page 190.)

The following is the expenditure shewn in the estimates —

	Rs.
In India	33,05,000
In England	68,000
	<hr/>
	33,73,000
Less Receipts	27,10,000
	<hr/>
Net	6,63,000

The following is the staff at present maintained :—

Officers	4
British Managers	23
Indian Managers	3
Supervisors, etc.	62
Apprentices	74
Clerks	88

The Committee would like information on the following —

(1) Could not the process of Indianisation be expedited with economy? On what terms are British Managers employed? How many have been engaged locally and how many recruited from England?

(2) What are the rates of pay of British and Indian Managers respectively? Do they or any of the staff get free quarters?

(3) What are the duties of the officers connected with this Department? Could not the administration be delegated to Commands?

(4) What are the arrangements for supply of dairy produce by contract and how do prices paid compare with the produced article? What is the total expenditure on such purchases?

(5) To whom is dairy produce supplied (a) free and (b) on payment? Is it supplied to non-military customers? How do prices charged compare with prices of dairy produce prepared on modern lines in selected centres? What customers purchase wholesale and do they get special terms?

(6) Has it been considered whether these dairies could economically be handed over to commercial firms on a contract to supply graded produce? Could economy be effected by the purchase of milk from contractors, the Army maintaining only pasteurising establishment.

(7) How is the difference between expenditure (33 lakhs) and cash receipts (27 lakhs) accounted for?

(8) What proportion of the troops is served by Dairy Farms?

(9) On what are rail charges for Dairy Farms incurred?

(10) What farms are run at a loss and what are the causes? Should not such farms be closed down?

(11) Cannot prices be raised? Why are prices charged to "families" lower than those charged to troops etc.? What are included in the term "families"?

(12) It is observed that there is a considerable annual capital outlay on replacements. How far can this be eliminated while the present financial crisis continues? On what purposes is such outlay incurred?

AUXILIARY AND TERRITORIAL FORCES.

(*Estimates, Page 286.*)

(1) How is the permanent staff of (a) the Auxiliary Force (b) the Territorial Force (c) the U. T. C. fixed? Is regard paid to special local conditions in this respect? How far is training carried out solely by the permanent staff and how far by the officers of the units?

(2) What are the duties of the officers of the permanent staffs and in particular the duties of the Indian officers on the staff of Provincial Territorial Battalions?

(3) What is the rank of officers on the permanent staff of Provincial Territorial Battalions? Is it necessary to employ Lt.-Colonels on these staffs? Could not command of the Battalions be taken by an officer of the unit or by a regular officer of more junior rank?

(4) Could not Indian officers be employed to a greater extent with good results? Would it be conducive to economy and efficiency to substitute in any case for British Sergeant instructors Indian N. C. Os. or ex-N. C. Os.?

(5) Is there no possibility of reduction in the permanent staffs of the Auxiliary and Territorial forces? In particular is it essential to have both a Sergeant-Major and an A. Q. M. S. in each unit?

(6) What scale of clerical assistance is given and could this scale be reduced?

(7) On what basis are stocks of stores maintained by units? Could these be reduced. In particular are hose and puttees issued to the same units?

- (8) What allowances are given for contract, contingent and special expenditure ?
- (9) What training is carried out by the respective forces annually ? Could the periods be reduced to secure economy in the present financial position ?
- (10) What pay, allowances, or other emoluments are drawn by officers and men (a) during training and (b) outside the training periods ?
- (11) Do the units other than infantry justify the expense of their maintenance ? Particularly what is the need for medical, veterinary and searchlight units ?
- (12) What use has been made during the past five years of (a) Auxiliary (b) Territorial (c) U. T. C. units ?
- (13) With reference to sub-paragraph (v) of paragraph 4 of the Branch note, please indicate what drastic reductions could be made if military considerations were alone taken into account.
- (14) Can the military authorities suggest any scheme for obtaining greater efficiency for the money spent ?
- (15) What use has been made during the last three years of the special Rs. 10 lakhs earmarked for expenditure on the development of the Territorial Force ?
- (16) Is there any programme of capital expenditure on stores and works for these forces and what reduction in such expenditure is possible in the present and ensuing years.

ROYAL AIR FORCE.

(*Estimates, Page 296*).

1. The Committee would like to know the functions of the R. A. F. in India and upon what policy the standard of equipment and training is based.
2. What was the original object of the institution of the Royal Air Force in India. Did that object include the reduction of the Army ? If so, has any reduction in fact resulted from the expansion of the Royal Air Force.
3. Is the Royal Air Force intended in any way for internal security purposes ?
4. Is the employment of the Royal Air Force in India still in an experimental stage ?
5. What were the recommendations of the Salmond Committee as to the strength of the Royal Air Force and have they been worked to ? If the Salmond Committee recommendations have been exceeded, to what extent and on what grounds ?
6. Is there any programme of expansion of the R. A. F. in contemplation ?
7. When was the capitation rate introduced, and what is the present position of the question ? How many air officers and airmen are sent to India annually ?
8. What is the scale of flying hours now in force ? If the scale were reduced by half while the present financial crisis continues, what savings would result in consumption of fuel, oil, stores, overhauls and replacements ?
9. The Committee observe that it is stated that the normal tour of duty in India for officers and men is five years. They would like to know the average of officers and men returned during the last year and the lowest service in each case.
10. They would like to have details of the staff of officers and men at R. A. F. Headquarters and at the headquarters of groups and wings and of their duties. What is the need for Headquarters at Simla ? It is noted that throughout the Force there are 381 clerks and civilians. How many are Indians ? Is any reduction possible ?
11. The Committee note that the Depot costs about Rs. 18 lakhs and the park over 4 lakhs. They would like to have details of the staff employed in these formations.
12. What is the justification for the maintenance of a Park at Lahore as well as a Depot at Karachi ? Does this not involve duplication of work ?

13. How far does the repair section in the Depot work up to full load? What is the cost of complete overhauls of engines at the present time? Are any sent Home for overhaul and if so, what is the average cost?

14. Why should not all repairs of motor transport and work on motor bodies be entrusted to the Army formations? Has this question recently been considered in conjunction with the Army authorities?

15. What is the total establishment of mechanical transport maintained by the R. A. F. in India, distinguishing those vehicles which are technical and special to the R. A. F.?

16. The Committee are not quite clear about the quantity of stores maintained in India as described in paragraph 21 of the Memorandum. They will ask for further elucidation in oral evidence. *Prima facie*, the total amount held in all formations appears to be excessive and the Committee will wish to know whether some risk in reserves should not be taken in the present times. In particular, they would like to know the working and mobilization reserves of engines and machines. What was the number of engines written off in the last two years?

17. On what principle is the stock of bombs based? What was the greatest value of explosives consumed in any one month during the past three years? What is the value of bombs written off charge annually (other than those expended in practice). The Committee would like to know how many bombs are in stock, divided according to the years in which they were imported.

18. On what principle is the stock of petrol based? Is it necessary to maintain such large stocks and what is the annual wastage? Can any arrangement be made with Petrol Companies to hold stocks for the Force.

19. The Committee would like to know the total value of stores and supplies obtained last year—

- (a) from Home.
- (b) through the I. S. D. in India.
- (c) through Director of Contracts.
- (d) by local purchase.

They would also like to know whether full use is made of the manufacturing capacity of the Army factories in India.

20. They would like to have in oral evidence further information on the questions raised in paragraphs 25 and 26 of the Memorandum.

21. As regards the clothing allowances, they would like to know the rates for British and Indian personnel. In view of the great fall in prices, they would like to know whether a further revision should not be undertaken. When was the last revision?

22. As regards works, it is observed that the total expenditure is Rs. 25 lakhs. The Committee would like to know—

- (a) How far new works can be eliminated next year?
- (b) How far works in progress could be suspended or spread over a longer period without undue payment for compensation?
- (c) Is there any regular programme of new works for future years?
- (d) How far the charges for maintenance can be reduced having regard to the fact that most of the works are of recent construction? Why does the Chief Engineer require an officer to assist him?

23. As regards air routes, what co-operation is there with Civil aviation in respect of landing grounds, etc.?

24. With reference to paragraph 37, the Committee would be glad of further advice as to the directions in which economy can be effected. They have noted an impression that in respect of works generally Air Force standards are more costly than Army standards. They would like to know how far this is so.

25. In regard to the special medical and educational establishments the Committee are not convinced of the necessity for separate establishments apart from those maintained by the Army. If the Air Force cannot depend on Army establishment, could not the Army find economy in using Air Force establishments wherever they exist?

26. Are children of airmen sent to Army schools where available? How many children are there in the Air Force schools?

27. To what extent is the system of educational instruction generally by instructors of the unit in force in the R. A. F. as in the case of the Army?

28. What is the need of a special Air Force Hill Station? Under what conditions are airmen and their families sent to the hills and at what cost?

29. The reasons for two senior medical officers at Army Headquarters appear unconvincing and the Committee would like further information in oral evidence.

30. The Committee would like to have further information as to the reserve pool of officers and what reduction is proposed. Is it necessary to keep two officers at the Staff College?

31. The Committee observe that there is apparently an Accountant Officer at the Depot. What are his functions and what his relations with the Deputy Controller of Accounts?

32. Are priced store accounts kept in the Air Force? If so, are they on the same basis as in the Army? What use do they serve? Could economy be secured by a change of system under which the formations kept their own accounts subject to independent audit of the Military Accountant General?

33. Are there any Class I followers? If so, what are their duties?

34. Lastly, the Committee consider that the financial situation makes it absolutely essential that there should be a material saving in the cost of the R. A. F. for some time to come and they would be glad if the authorities would again consider how such material reductions in expenditure can be secured.

ROYAL INDIAN MARINE.

(Estimates, Page 342).

(1) The Committee would like a brief statement showing the services rendered during 1930 under (b), (d) and (e) of paragraph 3 of the Memorandum.

(2) The Committee would like a statement showing the distribution of the cadre of officers under each grade. They would also like to know the number of warrant officers, their rates of pay and allowances and the method of and qualifications for appointment. How many are Indians?

(3) What is the capacity of the dockyard and to what extent is it working up to full load? Does it do work for the Royal Navy and for other Government institutions and private shipowners or others? Could the possibility of leasing the yard now be considered? From what sources is power obtained? What facilities exist in civilian yards in Bombay suitable for the work now being carried on in the dockyard?

(4) What are the accounting arrangements regarding the sale proceeds of Kidderpore Dockyard and is there any balance in hand or in prospect? Is any further capital expenditure from the proceeds contemplated?

(5) Are there any schemes in contemplation for the further development in the near future of the R. I. M.?

(6) The Committee would like to have oral evidence on the stores position which is not entirely clear in Annexure IV. What is the total volume of stocks in hand and what was the value of the annual consumption during the last 3 years?

(7) As regards stores, is full use made of the Army Ordnance Department for supply of stores suitable for Marine use? Are there any articles obtained or which could be obtained from the Ordnance Factories? So far as direct purchases are made, is there a system of open tender?

(8) Has there been any detailed review of the incidental and miscellaneous expenditure? Are any items of this expenditure provided for by fixed allowances; if so, should not these be revised in view of the fall in prices?

(9) Is there a system of review of the wages of followers and labourers in the light of market rates? When was the last review?

(10) What is the system of issue of rations and clothing to officers and men of the service? What are the scales? Are any allowances given in lieu? If so, please give full details. If clothing is issued in kind, is it obtained from the Army Clothing Factory?

(11) What are the details of the staff at R. I. M. Headquarters and what are their duties?

(12) What is the total annual expenditure on repairs to the craft? How is the annual provision calculated?

(13) Why is the Marine Survey office located at Coonot? What is the staff and what duties do they perform?

(14) The Committee will take further oral evidence as to the origin, nature and necessity of the various allowances shown in Annexure III of the Memorandum.

MILITARY ENGINEER SERVICES.

(Estimates, Page 356).

(1) The Committee note that it is proposed to limit the budget to Rs. 400 lakhs gross and Rs. 354 lakhs net for the future and at the same time to continue amenity, mobilization and other works. They would like to have a clear statement shewing the proposed budget under the heads:—

(i) New works (ii) Works in progress which are (a) definite commitments by contract (b) not yet definite commitments (iii) maintenance charges (a) buildings (b) roads (c) electrical installations.

(2) What items are included in the overhead charges of 16% showing proportion which each item bears to the total?

(3) Does not the fixing of schedule rates tend to keep prices up to that limit? What object does it serve? How often are the schedule rates revised and when was the last revision? Could not a system of lump sum contracts be more frequently employed?

(4) Are all contracts put out to open tender? What financial scrutiny of contracts exists? What powers exist to alter terms of the contract without reference to financial authority or to accept tenders other than lowest? What control, if any, does (a) the Headquarter staff (b) the Command staff (c) the district staff exercise over contracts?

(5) Are there any cases in which contracts are not put out to open tender? What rules govern such cases?

(6) Are there any cases in which maintenance contracts are held by the same contractor for more than a year without review?

(7) Are there any special conditions applicable to contracts made in the Frontier Province and in the administered area?

(8) How are production costs for electricity and water fixed?

(9) The Committee would like to have further oral evidence on the question of water rates and taxes and figures from representative cantonments to illustrate how the loss to Army funds arises. How do the rates and taxes charged compare with those for water supplied by the municipal authority in neighbouring municipalities?

(10) Would it be possible to devise a programme of metering for points or places where the heaviest losses occur?

(11) What is the degree of decentralisation to Commands proposed as compared with the present system. What references will still be necessary to Army Headquarters and will

it be possible to make further reductions there when the system is in working order ? Can decentralization be carried still further ?

(12) Can any idea be given of the approximate saving which could be secured by the introduction of the system of accounts advocated having regard to the additional audit which would be necessary ?

(13) How many of the 175 officers on the present cadre of the M. E. S. are required at once on mobilization and subsequently ? How many were employed on field service in the worst operations on the frontier of recent times ?

(14) How far is civil P. W. D. agency already employed and could not the use of this agency be extended with a consequent reduction in the number of R. E. officers ?

(15) What is the number of British subordinates employed and is any programme of Indianisation in force ?

(16) To what extent would it be possible and economical to demilitarize the M. E. S. at any rate in certain areas ?

(17) Are there any reasons why the collection of rents, etc., should be carried out by the M. E. S. rather than by the Accounts Department ?

(18) Could a system of monthly payments to contractors be introduced economically ?

(19) Would it be possible with economy to introduce a system by which payments are made direct to contractors by cheque by the Accounts Department ?

(20) Could any simplification of rules and regulations be advantageously devised ?

(21) Would it be possible with economy to reduce the standards of specification and of the materials used ?

(22) What is the system of payment for inferior accommodation and for deficient scale of furniture and what is the justification for the system ? What saving would be made by its abolition ?

(23) The Committee would like any further suggestions the Department would like to make regarding the possible elimination of any existing posts and also the replacement of existing posts by posts of lower status.

(24) What special allowances, duty or local, are given to personnel of the M. E. S. ?

(25) A copy of certain suggestions made to the Committee is attached. In so far as the points are not covered by previous questions, the Committee would like to have oral evidence on them.

MILITARY ENGINEERING DEPARTMENT.

Points of detail for consideration.

M. E. S. officers in charge of executive offices are over-burdened with office work resulting from the detailed and complicated nature of the numerous Regulations of the Service; Accounts Manuals, Technical Instructions, Standing Orders, etc. Simplification of the Regulations would result in substantial reduction in clerical staff both in executive offices and in the Audit Department and would also enable the engineer to exercise a more thorough supervision over the execution of engineering works which is really his work. This object might best be achieved by a wholesale replacement of the present technical organisation and the procedure generally by a system based on that obtaining in the R. E. Services under the War Office in England, modified to suit Indian conditions. This would have the further advantage that an engineer transferred from the Home Establishment, between which and the Indian establishment there is a constant interchange of officers, would be usefully employed at the outset instead of having to adapt himself to a system of work to which he is entirely unaccustomed.

(2) Some of the directions in which economy may be effected are :—

(1) The adoption or extension of the system of Lump Sum Contracts instead of Measurement Contracts. This ensures the more careful working out of plans and

specifications before the project is actually started. The contractor knows exactly what he has to do and what amount he will receive on the completion of the work. The results to Government are generally much more favourable while the work of preparing detailed estimates and of taking down and checking detailed measurements is almost entirely eliminated.

(2) The transfer to other agency of work connected with (a) the allocation and occupation of buildings and (b) the recovery of rents, electric light and water charges, etc. Employment of technical staff on this work, once the rents and charges have been assessed, is uneconomical and should be undertaken (a) by the Q Services and (b) by the Military Accounts Department, except as regards provision of furniture and other equipment in bulk to units.

(3) Payments to contractors and others should be made entirely by cheques issued direct by the Accounts Department as under the War Office system. The present practice of making all payments in the presence of the Garrison Engineer or other officer involves a deal of unnecessary work and useless entries in the cash book kept by the accounting officers. Probably about 40 per cent. of such entries would be obviated by direct payment by cheques as in the War Office system, under which the O. H. M. S. cheque form itself acts as the payee's receipt for the money.

(4) While the technical powers of M. E. S. officers to sanction estimates, etc., are generally suitable, their powers in regard to non-technical matters are absurdly inadequate in such matters for instance as contingent charges, conveyance allowances to subordinates, etc.

(5) The numerous returns, etc., called for involve a lot of clerical work. Some Chief Engineers and C. R. Es. require the submission of additional returns over and above those prescribed by the Regulations. Many of these returns serve no useful purpose. Unnecessary and unauthorised returns should be abolished and a revised list published, addition to which should be strictly forbidden.

(6) Cost of manufacture of Barrack and Hospital Furniture could be considerably reduced and its quality improved by the use of modern machinery, which would enable skilled labour to be largely replaced by unskilled labour.

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eral applica- (7) The purchase of stores from the Indian Stores Department on Running Contracts leads to much correspondence and waste of time. The contract once made by the I. S. D., all orders should be made and bills settled direct with the contractor. No audit staff would be required to see that the bills correspond with contracts, economy would be effected in forms, bills (which are submitted to the I. S. D. in quintuplicate) and postage charges; and delay in payment of bills avoided. I. S. D. overhead charges and the cost to the M. E. S. and other departments dealing with the I. S. D. would be reduced.

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eral applica- (8) Considerable waste of electric energy occurs in the Army and in other Government departments by electric light and fans being left on in unoccupied or partly occupied rooms in Government buildings and by the use of unnecessarily high candle power lamps in passages, verandahs, etc. Economy would be secured by impressing its necessity on all concerned and by fixing reasonable consumption figures, permitting the occupants of the buildings to share with Government the savings effected on those figures.