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A NOTE
ON THE
**DECENTRALIZATION
OF
PROVINCIAL FINANCE.**



BY

M. G. RANADE.

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P R E F A C E .



The first seven chapters of this publication were submitted, while in the press, to the Accountant General, Bombay Presidency, with the permission of Government, for correction and suggestions. The Accountant General had the whole carefully examined by Mr. Blakeman, his Assistant in charge of the Budget department. Mr. Cox's letter, and the two notes written by Mr. Blakeman, are printed below, and express their opinion about the work. The additions and corrections suggested have been inserted as Appendices and *Errata* at the end.

ACCOUNTANT GENERAL'S OFFICE,
Bombay 5th September 1893.

DEAR SIR,

I have had your Pamphlet checked in my Budget Department, and send you the note which the Superintendent, Mr. Blakeman, has written. I do not think that there is any thing further to say except that I think it would be well to take the actuals for those years for which you have taken only the estimates.

The pamphlet will, I am sure, be very useful.

Yours truly,
(Sd.) A. F. COX.

NOTE (A) BY MR. BLAKEMAN.

I have gone through Mr. Ranade's Pamphlet,—*Decentralization of Provincial Finance*, and find that all his main facts and conclusions are correct.

Second Provincial Contract—The facts are correct, but Mr. Ranade, in reproducing the Statements showing how the contract was worked during the five years 1877-1882 (pages 27 @ 30), has entered for the last year the Budget figures. We have the actuals now, and I have entered them in a separate statement, (Vide Appendix A.), leaving it to Mr. Ranade to adopt or not as he pleases. If he adopts the actuals, his deductions under each head will require some modification.

Third Provincial Contract—correctly compiled. Here also Mr. Ranade, in his statements (pages 41@44), has adopted the Revised Estimates for 1885, and Budget for 1886. We have the actuals for these years now, and I have entered them in a separate statement (Vide Appendix B), leaving it to Mr. Ranade to adopt or not as he chooses. If the actuals are adopted, the deductions under each head will require to be modified. In the statement (page 41), Mr. Ranade has omitted the adjustments under the Land Revenue head. These have been entered here, as, if they are left out, the grand totals entered in the statement will be out by the amount of these adjustments. A few other corrections in figures have been made throughout the paper.

NOTE (B) BY MR. BLAKEMAN.

I have gone through the second part of the Hon'ble Mr. Ranade's paper on the Decentralization of Provincial Finance, and find that all the main facts have been correctly stated.

2. In the comparative statements (pages 61 and 65), approximate actuals are given for 1890-91, and the Budget figures for 1891-92. We have now the actuals for these years, and for purposes of comparison I have had them entered in a separate statement (Appendix C), so that the Hon'ble Mr. Ranade can see at a glance the differences. If he adopts these figures, his conclusions as to the net loss or gain on the several major heads will require modification.

3. The remarks made on the major head "assignments and compensations" are very confused. The Hon'ble Mr. Ranade has split up the charges into their component parts, i. e. by minor heads, and in explanation says—"In the course of five years, the charge under the first two heads (Inamdar and Devasthan &c.) remained very near the assigned figure, but under the third head of compensations, it increased by half a lack before 1890-91, and was $1\frac{1}{2}$ lacks more in the Budget Estimate for 1891-92." The contract grant for "compensations" was 303, the actuals of 1887-88 were 302, of 1888-89 349, of 1889-90, 628, of 1890-91 376, and the Budget for 1891-92 405, so that the increase was of half a lack in 1888-89, in 1889-90 $3\frac{1}{2}$ lacks, and in the Budget one lack. The large increase in 1889-90 was due to large arrear opium compensations. Mr. Ranade's remarks would be correct if they referred to the whole major head, but not, as would seem from the note, if they are meant for the third minor head, —*Compensation*. The figures for the whole major head are :—

	Approximate actuals	Budget
Contract	1890-91	1891-92.
1,400	1,462	1,551

4. Page 68—Excise—The total surplus gain to the Provincial revenues was nearly 9 lacks in five years ($9\frac{1}{2}$ if actuals instead of Budget figures are taken for 1891-92), and not 7 lacks as entered.

5. Page 70—General Administration—the contract grant was 12,57, and not 12,56 as entered.

6. Police P. 71 If actuals are taken for 1891-92, instead of the Budget figures, there will be a small gain to Provincial Revenues, and not a net loss of 3 lacks. Marine P. 72. "Minor" should be "Major."

7. There is nothing else calling for special remarks, but I have in the pamphlet made one or two pencil remarks of minor importance.

APPENDIX A

Receipts.				THE W. M. G. S. I. 1881-82. SOCIETY COONA.
Opening Balance	...	...	...	14,80,033
I. Land Revenue	...	...	...	69,45,442
IV. Excise	...	...	...	66,02,602
V. Assessed Taxes	...	...	...	3,38,472
VII. Customs	...	...	...	88,079
VIII. Salt	...	...	...	69,062
X. Stamps	...	...	...	41,55,512
XI. Registration...	...	...	...	2,73,650
XV. Minor Departments	...	...	...	21,475
XVI. Law and Justice Court of Law	...	...	...	3,71,113
Do. Jails	...	...	...	4,18,073
XVII. Police	...	...	...	2,32,312
XVIII. Marine	...	...	...	42,964
XIX. Education	...	...	...	2,31,095
XX. Medical	...	...	...	87,637
XXI. Stationery and Printing	...	...	...	53,568
XXII. Interest	...	...	...	53,417
XXIII. Superannuation	...	...	...	1,36,075
XXV. Miscellaneous	...	...	...	1,33,840
XXVIII. Other Public Works	...	...	...	6,27,584
Contributions	...	...	...	47,042
Imperial allotment	...	...	...	1,77,01,710
Grand Total.....				4,01,10,757

Appendix A.—Continued.

Expenditure.					Actuals 1881-82.
3.	Refunds	...	...	...	2,64,106
4.	Land Revenue	...	...	...	66,53,698
6.	Excise ...	...	...	...	1,94,828
7.	Assessed Taxes	...	...	...	20,257
9.	Customs	...	...	...	7,73,109
10.	Salt ...	...	...	...	5,95,797
12.	Stamps...	...	...	...	1,85,464
13.	Registration	...	...	...	2,33,539
15.	Post Office	...	...	...	88,533
16.	Administration	...	...	...	12,12,777
17.	Mint ..	...	...	...	240
18.	Minor Departments	..	..	..	1,50,595
19.	Law and Justice—Courts of law	...	...	...	43,37,457
	Do.	Jails	...	...	7,81,618
20.	Police ..	..	..	..	46,52,701
21.	Marine ...	...	...	...	45,959
22.	Education	..	..	..	10,58,081
23.	Ecclesiastical	...	...	...	3,39,161
24.	Medical	..	..	..	11,99,128.
25.	Stationery and Printing	...	...	...	4,87,430
26.	Political Agencies	...	...	...	4,879
27.	Allowances and assignments...	...	...	...	70,21,185
29.	Superannuation	..	..	..	10,70,885
30.	Miscellaneous	...	...	...	2,20,190
31.	Other Public Work	...	...	...	29,24,450
32.	Railways	...	...	...	17,828
	Contribution to Local	...	...	...	5,09,289
	Closing Balance	...	...	...	56,67,873
Grand Total.....					4,01,10,757

APPENDIX B

Receipts.	1885	1886
1. Land Revenue ...	2,86,45,405	2,88,47,191
} ...	+ 3,75,941	- 17,96,785
III. Salt ...	17,322	85,363
IV. Stamps ...	22,15,310	23,96,574
V. Excise ...	45,02,560	46,31,112
VI. Provincial rates ...	55,843	...
VII. Customs ...	52,277	54,460
VIII. Assessed Taxes ...	6,28,184	6,28,184
IX. Forests ...	16,83,143	15,16,333
X. Registration ...	1,92,928	1,91,773
XII. Interest ...	53,731	53,202
XIII. Post Office ...	1,600	1,200
XIV. Telegraph ...	3,685	3,093
XVI. Law and Justice ...	5,19,620	5,20,666
XVII. Police ...	7,30,182	3,04,623
XVIII. Marine ...	55,740	55,925
XIX. Education ...	2,77,785	2,90,521
XX. Medical ...	64,370	1,33,551
XXI. Scientific ...	26,649	23,264
XXII. Receipts in end &c. ...	1,47,968	1,82,564
XXIII. Stationery and Printing ...	62,549	48,729
XXV. Miscellaneous ...	1,39,941	47,186
XXXI. Civil Works ...	12,71,657	9,59,673
Contributions ...	1,69,846	78,236
	4,18,94,236	3,90,06,628

Appendix B.—Continued.

Expenditure.	Actuals. 1885.	Actuals 1886.
1. Refunds and Drawback	3,02,360	2,82,754
2. Assignments and compensation	81,19,702	87,24,724
3. Land Revenue	68,74,436	67,32,378
5. Salt	8,99,199	9,60,992
6. Stamps	1,00,086	1,09,717
7. Excise	1,30,601	1,27,931
8. Provincial rates	55,824	..
9. Customs	4,79,562	4,97,253
10. Assessed Taxes	9,944	9,944
11. Forests... ..	9,14,770	9,74,995
12. Registration	1,49,975	1,49,373
15. Post Office	1,05,918	1,06,889
16. Telegraph	5,103	5,355
18. General administration	12,75,879	12,32,878
19. Law and Justice	50,91,955	50,11,805
20. Police	49,20,019	48,60,165
21. Marine	61,356	67,614
22. Education	13,31,817	16,01,615
24. Medical	12,78,273	12,93,474
25. Political... ..	..	..
26. Scientific... ..	2,59,873	2,23,250
29. Superannuation	12,28,498	13,06,148
30. Stationery and Printing	5,81,191	5,40,886
32. Miscellaneous	3,74,108	3,57,994
33. Famine relief	4,605	..
41. Miscellaneous Railway Expenditure	10,152	16,752
45. Civil Works	35,72,725	47,94,690
Contributions	8,36,572	6,31,201
Total.....	3,89,74,479	4,06,20,322

APPENDIX C

Receipts.	1890-91	1891-92	1890-91	1891-92
	Approxi mate Actuals.	Final Budget. Estimate.	Actuals	Actuals
	Rs	Rs.	Rs.	Rs.
Opening Balance.	58,40,867	46,04,869	58,40,867	46,01,994
I. Land Revenue }	89,85,886	90,09,000	89,86,076	89,78,398
II. Salt ...	72,07,198	91,98,000	71,08,627	92,44,322
III. Salt ...	45,544	46,000	45,538	56,669
IV. Stamps ...	40,11,375	40,50,000	40,11,756	40,86,259
V. Excise ...	24,97,536	24,76,000	24,97,667	25,63,654
VII. Customs ...	44,652	44,000	44,630	39,673
VIII. Assessed Taxes ...	16,65,880	16,72,000	16,65,889	17,03,097
IX. Forest. ...	16,00,653	17,50,000	16,44,110	16,42,324
X. Registration	2,48,955	2,53,000	2,48,955	2,68,894
XII. Intest ...	2,21,280	2,23,000	2,21,274	2,32,539
XIII. Post office...	1,600	2,000	1,600	600
XIV. Telegraph...	3,000	3,000	3,107	4,157
XVI. Law and Justice—				
A—Courts of Law ...	4,00,615	4,08,000	4,00,448	4,06,727
B.—Jails ...	2,16,922	2,15,000	2,19,736	2,18,914
XVII. Police ...	3,77,993	3,55,000	3,86,218	3,89,823
XVIII. Marine ...	63,350	65,000	63,650	68,942
XIX. Education ...	2,69,702	2,73,000	2,69,691	2,80,003
XX. Medical ...	1,12,962	1,15,000	1,13,177	1,13,275
XXI. Scientific & other Minor Departments }	37,701	34,000	37,693	33,279
XXII. Receipts in aid of Superannuation }	2,54,152	2,71,000	2,55,409	2,36,274
XXIII. Stationery & Printing }	53,114	62,000	65,498	66,150
XXV. Miscellaneous	96,249	59,000	1,06,028	51,622
XXX. Irrigation }				
Minor Works and Navigation }	10,406	13,000	10,406	16,897
XXXII Civil Works				
Civil Officers.	3,065	3,000	3,063	2,741
Public Works Officers ...	8,12,777	7,69,000	8,12,475	7,48,249
Contributions	1,76,765	1,48,000	1,78,257	2,96,965
Total Revenue.....	2,94,19,332	3,15,16,000	2,94,00,980	3,17,50,447
Grand Total,....	3,52,60,199	3,61,20,869	3,52,41,847	

ERRATA—Continued.

Page.	Line or head.	Incorrect.	Correct.
41	Under "Excise Budget" 1886	42,98,000	42,78,000
42	Under "Medical Actuals" 1882	59,228	59,288
"	Under "Total Revenues Sanctioned"	2,70,64,930	2,80,25,900
43	Under "Salt Budget 1886"	9,96,000	9,86,000
44	Under "Miscellaneous Railway expenditure Actuals 1883"	1,24,115	-1,24,115
"	Contribution Sanctioned	5,52,000	4,52,000
46	30	90,000	7,600
47	34	about lacks	about 8 lacks
53	9	5,000	4,000
60	13	Assessed	Assessed
68	17	7	9½
69	2	32	33 actual
70	7	12,56,000	12,57,000
71	39 read the note of the cause of the net loss to Provincial Revenue &c.		If actuals are taken for 1891-92 instead of Budget figures the loss will be converted into a small gain owing to the large provision made for improving the Police &c. not having been utilized.
72	2	Minor	Major
"	11	18	16⅓ actuals
74	33	5,84,000	5,85,000
76	18	needs	need
82	35	The previous balance	accumulated balances
84	5	undertaking	understanding
85	Under provincial share of (XII Interest)	The whole.	The whole

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