

EAST INDIA (FINANCIAL STATEMENT).

RETURN to an Address of the Honourable The House of Commons,
dated 20 April 1888;—*for*,

“COPY of the INDIAN FINANCIAL STATEMENT for 1888-89, and of the
PROCEEDINGS of the LEGISLATIVE COUNCIL of the GOVERNOR GENERAL
upon the BILL for the Amendment of the INDIAN TARIFF ACT.”

India Office, }
23 April 1888. }

J. A. GODLEY,
Under Secretary of State for India.

(Sir George Balfour.)

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COPY of the INDIAN FINANCIAL STATEMENT for 1888-89, and of the PROCEEDINGS of the LEGISLATIVE COUNCIL of the GOVERNOR GENERAL upon the BILL for the Amendment of the INDIAN TARIFF ACT.

— No. 1. —

EXTRACT from the Proceedings of the Council of the Governor General of India, assembled for the purpose of making Laws and Regulations under the provisions of the Act of Parliament, 24 & 25 Vict. cap. 67.

27th January 1888.

INDIAN TARIFF ACT, 1882, AMENDMENT BILL.

THE HON. Mr. Westland moved for leave to introduce a Bill to provide for the levy of a customs-duty on petroleum. He said :—

“In asking the permission of the Council to introduce a Bill of which the intention is to increase our revenue, I shall naturally be expected to give some account of our financial position, and to satisfy the Council that an increase of revenue is necessary upon financial grounds. This expectation is all the more justified in consideration of the fact that, last week, we exercised the power given to us by the Legislature, to make an addition of 25 per cent. to the Salt duties, a measure which deserves some explanation in view of the discussions which took place in the Council two years ago on the occasion of the imposition of the Income Tax in its present form. It would be absolutely impossible for me, within any limits of time, to go over anything approaching to the whole ground covered by our Indian accounts; and I would only weary the Council by leading them into a maze of figures in which all connexion would be lost. I shall assume, therefore, that the Council are already acquainted with the position which we realised in the Financial Statement of last March, when we presented our estimates showing a practical equilibrium of revenue and expenditure. I shall adopt that Financial Statement as my standard, and shall explain, by reference to it, in what respects we now find ourselves worse situated than we then were.

“I know there are people who will not allow me to accept that standard, alleging that it is in itself one of extravagant expenditure, and should not be accepted as the foundation of a claim on the part of the Executive Government to an increase of its revenues. Nothing is more common among some of our public critics than to accuse us of wanton extravagance, but I always observe that these accusations waste themselves in generalities, and do not address themselves to specific items of expenditure which it is considered might with advantage be discontinued. There are some people who are so entirely unable to grasp the large figures in which our accounts are presented, that they assume that the fact of our expending 77 crores of rupees every year is in itself proof positive of entire absence of financial control. They forget the enormous area which this expenditure covers. Compare it with the expenditure of the United Kingdom; it is only 60 per cent. of the amount (77 crores against 128, which is the equivalent of 90 millions sterling), and yet it covers an area ten times as large and a population seven times as large. Moreover, think how much the effect of this comparison would be enhanced, if we were to include in the expenditure of the United Kingdom, as we do in those of India, the hospitals, the roads, and all the other expenditure that is in England charged to Local Rates, and even the expenditure on the maintenance of Railways. I know that the financial circumstances of England and of India are in many respects utterly incapable of direct comparison; but still, I think, we have some claim that those of our critics whose charges of extravagance are based only on the fact that our

expenditure is stated in tens of millions, should bear in mind that the accounts we present are the accounts not of one Government, but of one central and of nine Provincial Governments; and that of these Provincial Governments, five nearly equal in area, and somewhat exceed in population, the five principal Governments in Europe.

"We published, in the Financial Statement of March 1886, the comparative figures of our accounts for the past ten years, and I have seen the argument drawn from these figures that the rapid rate at which we have allowed expenditure to increase argues an absence of proper control. I have seen it made a matter of accusation against us that our expenditure in the first of the series of years alluded to was Rx.* 57,400,000, and in the last of them was Rx. 71,100,000, an increase on the face of it of Rx. 13,700,000, or something like 24 per cent. But it is almost a dishonest mistake to take the figures this way in the gross. Dip a little below the surface, and you find that of this Rx. 13,700,000, Rx. 6,800,000 arises in the account of Railways, and merely means that the Government possesses at the end of the period many more miles of Railway than it did at the beginning, and that it has to pay a much higher rate of exchange on the remittances necessary to pay the guaranteed interest. The extension of Irrigation accounts, in the same way, for Rx. 500,000; the famine insurance grant, which was not expenditure, accounts for nearly Rx. 1,000,000; a bumper opium crop accounts for Rx. 750,000; the extension of Post Offices and Telegraphs accounts for Rx. 600,000, but it brings in as big an increase of revenue as of expenditure. There remains only Rx. 4,000,000 to represent any real increase of expenditure; and of this amount even considerable sections would have to be written off as having no bearing on the question of financial control or economy. Rx. 300,000 of it, for example, mean that we remitted the putwari cess in the North-Western Provinces by taking over, as Government expenditure, the establishments which were maintained out of it, and another Rx. 300,000 represent the portion of Salt Revenue which we annually hand over to Native States under the arrangements completed in 1878-79,—a fiscal reform of the utmost importance, which led not only to great development of revenue but also to great economies in expenditure.

"The figures which represent any real increase of expenditure during the ten years under review are dwindling down very rapidly; we have less than $3\frac{1}{2}$ millions still to account for—something like six per cent. during the ten years. And even of this we might at once strike off, as entirely beyond our control, an increase of Rx. 600,000 in the charges for exchange upon our sterling obligations, namely, Rx. 400,000 in the interest on Sterling Debt, and Rx. 200,000 upon Superannuation charges; and, as almost beyond our control, another Rx. 600,000 of exchange charges upon the Home Military expenditure. We have almost brought down to Rx. 2,000,000 what may be called the net total of the voluntary increase of expenditure in ten years.

"Of course we might have refused even this amount of increase. We might have refused to open new courts of justice where the increase of the population or of business demanded it. We might have refused to increase police expenditure, which is still, in the opinion of many authorities, at a dangerously low figure, and run the risk of breeding insecurity to life and to property. We might have stopped the increase of schools and of hospitals and of roads. We might have shut our eyes to events in Central Asia, and refused the increases of political and of military expenditure, forced upon us by the approach of a great civilized power on our North-West Frontier. In short, we might have refused to discharge the duties and responsibilities of a civilized Government, either with respect to our own subjects, or to the nations which lie beyond our frontier; and those who think we should have observed this attitude are, to this limited extent, right in pointing to our increase of expenditure as evidence of want of financial control. With such people I do not care to argue, and the Legislative Council is not the place where such arguments are called for.

"But, while thus contending that the gross figures of our accounts contain in themselves at least a presumption of the moderate scale of our expenditure, I am far from denying that there is expenditure which cannot be done without. I would only say, with reference to the details of it, that we who are engaged in the control

* The symbol "Rx." indicates tens of rupees.

control of expenditure in India, are so impressed with the hugeness of the demand for expenditure, which is, of itself, of a useful and beneficial character, that we are the last people to willingly consent to divert to purposes of extravagance any money which can be made available to meet that more pressing demand. There is hardly any limit to the amount of money that can be usefully spent in India; and the business of the financial authorities, both Imperial and Provincial, consists far too often in refusing money for objects of which the desirability cannot be denied, simply because it cannot be found, either out of revenue, or by economies in expenditure.

"This is a process of exhaustion which goes on by a sort of compulsion and without intermission, in the ordinary course of the financial business of every department, and is sometimes helped forward by special inquiries, such as those made by the Finance Committee of 1886. That Committee has presented to Government a plentiful crop of suggestions which will continue for a long time to exercise the various departments; but I think I may say, both for the President of the Committee who now sits on my left and for myself, that throughout our inquiries we were greatly struck with the carefulness of detail with which expenditure was supervised, and with the very large proportion of cases in which, when we raised questions on the facts before us, we found that the questions were no new ones to the authorities concerned, but had been amply examined and discussed, long before we were set to work to put the authorities once more upon their defence. But in times of financial necessity, the line must be drawn closer. The Finance Committee's work was to indicate in what way this might be done, and it has resulted not only in actual economies, the credit for a large instalment of which was taken in the Estimates presented last year, but still more in establishing a more rigorous standard by which expenditure, actual and proposed, has to be judged. The expenditure which has passed the review of that Committee is not likely to be really liable to the charge of extravagance, and that which they did not accept as necessary and justifiable has been, or is being, elaborately examined in search of possible economies.

"I think I have said enough to convince the Council that, in adopting, as the standard from which I am to start, the figures of the published Estimate for 1887-88, I am not asking them to condone any past sins of extravagance; but am presenting the account of India as it stands after long years of close attention to the interests of economy.

"The period of 10 years over whose history I have rapidly glanced, terminated with the year 1884-85; and two years ago Sir A. Colvin, in introducing the Income Tax Bill, described that year as the last of the fat kine; he said that the lean kine were come in, though he did not then know how terribly lean they were going to be. But those who have watched the course of Indian finance during the two years that have intervened since Sir A. Colvin in this place explained the then financial position, will be prepared for the announcement that, from causes which I shall presently explain, we are at the present moment even further from equilibrium than when the Government appealed to the Legislature for an extension of direct taxation. It seems to me that the best way of showing the nature and the origin of the difficulties which have thus accumulated about our financial position, will be to make a comparison between the figures of our accounts of 1884-85, the last year in which our financial position may be described as satisfactory, and those of the Budget Estimates of 1887-88. These Estimates showed an equilibrium, it is true; but it was, as Sir Auckland Colvin was very careful to explain at the time, an unstable equilibrium, an equality of revenue to expenditure obtained only by pressing into the service of our expenditure revenues which up till then had formed a sort of reserve.

"For the purposes of this comparison, I have prepared, as my text, the following abstract of the Accounts of 1884-85, and of the Estimates of 1887-88. Abstracts, of course, may be made up in a hundred ways; but they all come to the same thing in the end, and are merely questions of the arrangement in which we choose to take up the subject in hand. The abstract I now put forward will be very easily traced back into its component figures in the published accounts; its main peculiarity is that, besides showing the expenditure heads net instead of gross, I have separated the exchange figures, so that I may show first how the comparison would have stood had there been no alteration in the exchange, and

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I have then shown in a separate figure the extra charge falling upon us on this account. It will be seen that the totals up to which the Statement works show that, whereas in 1884-85 we had 51 millions on the revenue side, of which 48 went in expenditure and three in exchange, we find ourselves in 1887-88 with three millions more of revenue, namely, 54 in all, but, as exchange now costs us five millions instead of three, the three millions better revenue affords us only one million for real increase of expenditure.

000 omitted.

	Accounts, 1883-84.	Accounts, 1884-85.	Budget Estimate, 1887-88.
Excluding Exchange:			
Revenue Heads:	<i>Rx.</i>	<i>Rx.</i>	<i>Rx.</i>
Land Revenue - - - - -	22,362	21,832	22,937
Opium - - - - -	9,556	8,816	8,893
Salt - - - - -	6,145	6,507	6,604
Excise and Stamps - - - - -	7,350	7,618	7,942
Assessed Taxes - - - - -	526	512	1,406
Other Principal Heads - - - - -	6,098	5,795	6,345
TOTAL, Principal Heads - - -	52,037	51,080	54,127
Railway Revenue Account:			
Railways: net Earnings - - - - -	8,066	7,685	9,002
Deduct Interest, Annuities, and other Charges -	-7,269	-7,563	-8,600
TOTAL, Revenue Accounts - - -	52,834	51,202	54,529
Expenditure Heads: Net—			
Interest - - - - -	3,116	3,282	2,753
Civil Expenditure (a) - - - - -	19,609	20,021	21,616
Opium production - - - - -	1,855	2,966	2,505
Post Office, Telegraph, and Mint - - - - -	311	279	145
Irrigation - - - - -	547	573	753
Civil and Military Works, Imperial - - - - -	2,042	1,395	2,009
" " " Provincial and Local (b)	2,734	2,698	2,220
Army - - - - -	16,019(c)	15,200	16,907
Famine Insurance - - - - -	1,523	1,548	95
Railway Construction - - - - -	-176	263	75
TOTAL, excluding Exchange -	47,580	48,225	49,078
Exchange on Home Expenditure - - - - -	3,375	3,364	5,434
TOTAL Expenditure -	50,955	51,589	54,512
Surplus or Deficit - - - - -	1,879	-387	+17

" I have

(a) Includes Marine.
(b) After deduction of the amount charged against accumulated balances of past years (i.e., Provincial deficit). When a Provincial Government draws on its balances to increase its expenditure, it is for the most part under this head that the increase occurs.
(c) Includes 1,000 (one million) arrear charges.

“ I have inserted, for purposes of comparison, the figures for 1883-84, but those I mean to deal with are the figures of 1884-85. The financial position in this last year may be called a position of equilibrium as we then understood the words. There is a nominal deficit of Rx. 387,000, but it is really due to the fact that the date with which our financial year ends, cuts in two the most active season of Land Revenue collection, and according to the distribution of the collections during the few days before and after 31st March, we get into the financial year sometimes a good deal more, and sometimes a good deal less, than twelve months' revenue. In 1884-85 we got a good deal less, but this of course was a mere temporary feature, and accounts for the fact that what was really a position of financial equilibrium showed in the accounts as a deficit of Rx. 387,000. In fact, as we are taking a general view of the financial position, and not confining our observations to the casual circumstances of a single year, we may go further and say that the year 1884-85 would have shewn the surplus of Rx. 500,000 prescribed by the Secretary of State, had it not been that a bumper crop of opium required an expenditure, exceeding by much more than that amount the average expenditure of a series of previous years. So that the financial position of that time might legitimately be described as one in which our ordinary standard of Revenue was sufficient to enable us to meet all ordinary expenditure, to set apart for famine insurance Rx. 1,500,000, to invest in Railway Construction Rx. 263,000, and to show after all a surplus of Rx. 500,000.

“ We have now to compare with this the Budget Estimates of 1887-88 ; and first let us look at the Revenue side. Land Revenue has of recent years increased pretty steadily at an average of Rx. 120,000 a year, and in three years this gives us Rx. 360,000 ; besides the addition of Rx. 420,000 of Upper Burmah Revenue. Salt, Excise, and Stamps have added Rx. 400,000 to our resources. The new Income Tax has given us nearly Rx. 900,000 ; and other Revenues, say Rx. 200,000, besides Rx. 100,000 in Upper Burmah.

“ Railway earnings have increased, but hardly at a more rapid pace than the charges against them, on account, mainly, of interest and annuities ; of course, when exchange is taken into account, the heavy addition more than swallows up all benefit by increased earnings, but we are at present dealing with the figures independently of this consideration.

“ The saving under interest is apparent only ; we have been borrowing in sterling, but it is under the head of Rupee debt that we make transfers from the ordinary to the Railway account of debt ; and the apparent saving under interest on ordinary debt re-appears as part of the increase of charge on account of exchange.

“ The Civil expenditure (which in our accounts unfortunately includes marine charges) has increased by Rx. 1,600,000, of which at least Rx. 1,100,000 is due to Upper Burmah ; the rest I do not stop to analyse ; some of it is a mere set-off against increased revenue, and some of it is the unavoidable excess of estimates which disappears when the accounts are made up.

“ For Imperial Public Works our ordinary standard is Rx. 1,000,000 for Military Works, and Rx. 350,000 for Civil Works, but the budget of 1887-88 is charged, in addition to this, with Rx. 480,000 for Upper Burmah and with Rx. 200,000 for the construction of Military Roads on the North-West Frontier.

“ The figures of Army Expenditure show a very heavy increase ; nearly Rx. 1,000,000 arise from the measures taken for the increase of its strength, which were alluded to in the speech of His Excellency the President on the occasion of the introduction of the Income Tax Bill. The real cost of these measures is over Rx. 1,500,000, but various economies and reductions have been secured under other heads of Military Expenditure, so that the net increase on the whole is stated under Rx. 1,000,000. But under this head we have also about Rx. 720,000 of special charges arising out of operations in Upper Burmah.

“ We come now to the heaviest difference of all, the addition to the charge on account of exchange. Our remittances in 1884-85 were made at the rate of 19.31 pence (£=₹12.43), but in 1887-88 we estimated we could make them only at 17.5 pence (£1=₹13.71) ; that is to say, each sterling pound of expenditure costs us 1.28 more in Rupees ; and this difference, calculated on

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the whole amount of our sterling expenditure as it stood in 1884-85 (about £14,000,000), comes to Rx. 1,790,000. That is to say, that even if no increase of expenditure of any kind had occurred since 1884-85, we would still have to face an additional charge of this amount.

“Let us then summarise the changes that have taken place in our financial position between 1884-85, and the Budget Statement of 1887-88.

	<i>Rx.</i>
Army charges have increased by - - - - -	980,000
We are spending on Frontier Roads - - - - -	200,000
Upper Burmah is costing us—	<i>Rx.</i>
Civil and Marine charges - - - - -	1,100,000
Military and Civil Works - - - - -	480,000
Military Operations - - - - -	720,000
	2,300,000
Deduct—Revenue - - - - -	520,000
	1,780,000
Exchange adds to our account - - - - -	1,790,000
	4,750,000
These demands we have met as follows :	
(1) We have obtained by the imposition of Income Tax - - - - -	900,000
(2) And by other improvements of Revenue - - - - -	960,000
(3) We have stopped for the time the appropriation to Famine insurance of Revenue amounting to - - - - -	1,450,000
and to Railway Construction, of revenue amounting to, say - - - - -	260,000
(4) We have diminished the amount of Revenue assigned to Provincial Governments, thereby causing a reduction of their Public Works expenditure by - - - - -	500,000
(5) And finally we have absorbed the prescribed surplus of - - - - -	500,000
	<i>Rx.</i> 4,570,000

“There remains Rx. 180,000 arising out of a number of smaller differences.

“This, then, was the financial position at the time of the Budget Estimates of 1887-88. The fall in the value of silver, the necessity of improving our military strength, and the expenditure connected with the occupation of a new province, had absorbed not only the three years’ improvement of revenue, but the whole of the margin which we possessed in 1884-85. Every rupee of the revenue shown in the estimates of 1887-88 was pledged, as the Financial Statement put it, ‘for the necessary expenditure arising from our administrative needs;’ and for the risks of war, and of famine, and of exchange, and of opium, nothing whatever was reserved. Nay, more,—we were pledged to heavy expenditure upon the defences of our harbours and of our North-West Frontier, and this expenditure, all unremunerative as it was, was entirely provided for by borrowed money.

“I can speak with the greater freedom in these matters, because, in the advice I have given to the Government of India, I have throughout sought counsel of Sir Auckland Colvin. It is not that a new Finance Minister takes up the reins in the middle of the financial year, and changes the policy announced by his predecessor in his Budget Statements. The policy is the policy of the Government of India as a whole, whether Sir A. Colvin is its mouthpiece in March, or I become its mouthpiece in January. In the Financial Statement of March last it was clearly explained, that the question of increase of revenue by taxation had been before the Government, and that its consideration had been adjourned, not because the position was satisfactory, but because we had reached

reached a critical point, and it was just too soon for us to determine exactly how matters would have to be settled. It is not without great reluctance and after serious consideration that the Government of India can proceed to measures of increase of taxation; and so long as the position was such that it was possible it might be tided over without taxation, we refrained from a proposal which we would have had to justify, more by our anticipations of what might happen to us, than by our knowledge of what had actually occurred. The small and continual changes, by which in more settled countries the revenue is from time to time adapted to the expenditure, are out of place in Indian finance; it is our duty to resist change as long as we can, but, when it is at last forced upon us, it is equally our duty to face it.

“The changes which have taken place in our financial position since the date of the Budget, have settled for us the question which was then held in suspense; the strain was then as great as we could bear without resort to new taxation, but there was just a glimmer of hope that it might be relaxed. That hope has vanished; the strain has increased beyond the capacity of our revenue to endure it; and we are driven to seek remedial measures.

“The first item in which our burden is increased is again that of exchange. The estimate of 1887-88 was taken at 17½ pence. During the past year exchange had been as low as 16 pence, but it had rallied, and it stood at over 18 pence in the beginning of February 1887. There were signs of a fall just before the estimates were published, but, with such an unstable item, it was possible only to take current facts for our standard; and we would not have been justified in taking, by anticipation, a lower rate, and founding on our anticipations a claim on the tax-payer's pocket. After the year opened, however, exchange settled down to a much lower rate than that of the estimates; and at that lower rate it has been so singularly stable, that the logic of facts compels us to assume, for all purposes of estimate of our financial position, the lower level, which seems for the present at least to be established, of just under 17 pence. Our present home expenditure is nearly 14,500,000 £., the military demands and the interest on the capital of the aided Railway Companies having added half a million to the standard of 1884-85; and upon this amount of expenditure the difference between 17½ pence and 16·9 pence is Rx. 720,000.

“Then the railways have not been doing as well as we anticipated; our receipts under this head are greatly affected by circumstances so entirely beyond our control as the question of good or bad crops in America and in Russia, and the course of prices in England. We must necessarily accept such facts as they come, but the results of the year, up to date, are such as to show that the Budget Estimate was based on too sanguine a view. We deal with huge figures under this head, for the gross earnings of the Railways which are paid into the Indian Treasury have recently been as follows:—

	<i>Rx.</i>
Actuals - - 1884-85 - - - - -	15,958,615
” - - 1885-86 - - - - -	17,699,747
” - - 1886-87 - - - - -	18,109,537
Budget Estimate, 1887-88 - - - - -	18,428,770

“The active Railway season comes at the end of the financial year, and it is quite possible that we may witness a partial recovery before the year's account is closed; but, as matters at present stand, our best estimate is that the net result of the Railway account, even after allowing for the reduction of working expenses, which becomes possible in a time of smaller earnings, may be Rx. 400,000 worse than in the Budget Estimates; and, seeing the large amount of unremunerative capital expenditure that is going on, we should not reckon on any immediate improvement bringing in more than will cover the additional interest charges.

“In still one other respect have I to report what looks like a permanent deterioration in the financial position; it is in the effect on our opium revenue of the recent convention regarding the collection of duty in China. In the case of Bengal opium, the addition, or the additional certainty, of the duty in China reacts directly in reducing the auction price; in the case of Bombay opium, we get our full duty, but we cannot expect, if the Chinese maintain the rate of 110 Taels, to maintain the present amount of the export. The loss in the current

year will be something between Rx. 250,000 and Rx. 300,000 as compared with Budget Estimate, and it would be unwise to fix the standard of future revenue higher.

"I have mentioned that Rx. 720,000 of special military expenditure in Upper Burma was proposed in the Budget Estimates for 1887-88. The Government have not found it possible to reduce this expenditure so soon as was anticipated, and the figures of 1887-88 will show a considerable excess over the Budget Provision. But measures of reduction are now being carried out, and we hope next year to get off with no more than the expenditure estimated for 1887-88.

"The deterioration in our position which we have to face is, therefore, thus made up—

Exchange	-	-	-	-	-	-	-	-	-	Rx.	720,000		
Railways	-	-	-	-	-	-	-	-	-		400,000		
Opium	-	-	-	-	-	-	-	-	-		300,000		
TOTAL										-	-	Rx.	1,420,000

"If I have succeeded in making plain the financial position with which we started in the Estimates presented last March, it will be immediately evident that we are now under an obligation to seek, by improvement of revenue, at least this amount of amelioration.

"I know that it may be objected that part at least of the expenditure which was charged in our Estimates is of a temporary and special character only; that it is of the nature of capital invested once for all. We have a new province, for the acquisition of which we have to pay large sums of money on account of military and military police charges. We have to fit it out with new roads and new buildings, civil and military; in short, with all the appliances of a civilised administration. It is a country which we hope will ultimately pay even in a purely financial sense, but just at present it imposes upon us, as was shown in the last Financial Statement, a net expenditure which may be stated at Rx. 1,780,000. It may be said of this and of the Rx. 200,000 of frontier roads in the Punjab, that they are a sort of Capital expenditure which we should not charge upon the revenues of the year. But there is really only one logical distinction that we can draw with reference to expenditure of this class.

"If, in respect of any of the expenditure we are now incurring, we calculate that it will produce in future a revenue sufficient to meet the burden of the interest, we may without fear meet it out of borrowed money, because we know that, though we refuse to bear the burden now, we throw no burden upon our successors which we do not furnish them with the means of meeting. The financial position of future years will not be the worse for the course of action adopted by us. But in the case of expenditure, whether we call it expenditure on Capital account or on any other account, which will not in future be financially reproductive, we have absolutely no choice left us, but either to meet it out of the revenue of the current year, or by borrowing to throw the charge upon the unincreased revenues of future years; no amount of re-arrangement of accounts can alter the fact that it is a charge against the existing scale of revenue either of the present or of future years. It may be a fair question for discussion, to what extent we are equitably entitled to throw forward such burdens, and, to the extent to which we are so entitled, we may fairly face a deficit, and leave it to succeeding years to make it good by contributions which will continue after the expenditure has ceased. But there is assuredly no justification for our throwing forward *the whole* of the burden, and compelling future years to bear a charge to which we contribute nothing ourselves.

"But, in distributing the burden between ourselves and future years, we must take into account the whole of the circumstances. The Budget standard of Revenue and Expenditure was Rx. 77,450,000, and we have, as just explained, lost Rx. 700,000 of revenue, and added Rx. 720,000 of expenditure; so that we have now Rx. 76,750,000 of revenue to meet Rx. 78,170,000 of expenditure. Even if we admit the division of this last into Rx. 1,980,000 of extraordinary expenditure and Rx. 76,190,000 of ordinary, the result will be that, after providing for our ordinary expenditure, we have a surplus of only Rx. 560,000 to set against the so-called extraordinary expenditure of Rx. 1,980,000. But unfortunately

unfortunately we have, of this last class of expenditure, not only the Rx. 1,980,000 just mentioned, which are inside the revenue account of our Budget Statement, but we have also the following amounts which we have not yet considered, and which are shown among the expenditure charged to loan; namely, about Rx. 750,000 for special defence works, and Rx. 1,000,000 for improvement of Railway communication on our North-Western Frontier. We have thus a total of unproductive expenditure of Rx. 3,730,000, and there is no doubt that this rate of expenditure will last for two or three years yet. Can it be pretended that we do our duty, if we contribute to this large amount no more than Rx. 560,000 out of the current revenue, and throw forward the balance of Rx. 3,170,000 as a burden to be met in future years? And the real state of the case would stand even worse than this, for, as we have for the present thrown off the burden of insurance against famine, the Rx. 560,000 is all the contribution we have to offer, both for the chances of famine and for the heavy unproductive expenditure to which I have alluded. I do not think that, on the most selfish reckoning of the account between ourselves and future years, such a policy could be justified.

“It is only too likely that future years will have their own burdens to bear. We are a little too apt to talk of our own special burdens as if the financial sky would clear when they passed away, but Indian Financial history shows that they too often pass away only to be succeeded by special burdens of a new kind, and that we should not too easily reckon on future years retrieving a position now lost. There is only one respect in which we have before us a certainty of relief, namely, that the conversion of the 4 per cent. sterling stock into 3½ per cent. stock will, not next year but in the year after that, reduce our interest charges by 260,000 l. or Rx. 370,000. We may regard this as a partial insurance against further depreciation, but it is no warrant for our declining to undertake the measures that are necessary to render our present position sufficiently secure.

“I have now described the financial position, and the necessity which lies upon us of seeking to improve it by a considerable addition to our revenues. The Council are aware in what direction we have sought the greater part of the remedy, and that on Thursday, 19th January, we used the powers given us by the Legislature to raise the Salt Duty from 2 rupees to 2-8 rupees in continental India, and from 3 annas to 1 rupee in Burmah.

“After what was stated here two years ago, by Sir Auckland Colvin when introducing the Income Tax Bill, I need not say that it is with the greatest reluctance that the Government finds itself obliged to have recourse to the Salt Duty. The Government, in the beginning of 1886, appealed to the Legislature, on the ground that, before resort was had to a tax which falls on the millions of the poorer classes, it was bound first to obtain a reasonable contribution from the more wealthy. But, that having been done, we are now obliged to proceed one step further, and adopt the measure from which we then were able to escape.

“When the Salt Duty, in 1882, was reduced from 2-14 rupees in Bengal and 2-8 rupees in the rest of India to 2 rupees, Sir Evelyn Baring wrote thus (*vide* Financial Statement for 1882-83, paragraphs 192 and 201):—

‘192. In answering, therefore, the question of how far we may safely take off taxes, in reliance on the Opium Revenue, a great deal depends on the nature of the tax we take off. If we abandon a source of Revenue which involves a permanent and absolute loss of money, and which moreover, from whatsoever reason, it would be difficult, in the event of the Opium Revenue failing, to restore to its former position, then the course would be open to great objection. If, on the other hand, we reduce a duty with the fair hope that the reduction will increase consumption, and thus, after a while, recoup us for any loss, and if, moreover, the duty can, without any great fiscal disturbance, be re-imposed in the event of the Opium Revenue falling off, then the reduction of taxation would be unobjectionable. The Salt Duty falls within the latter of these two categories.’

* * * * *

‘201. I have said that, by reducing the Salt Duty, the general financial position will be strengthened. We hope that we shall be able to maintain the duty at Rs 2 a maund, and we have at present no reason to suppose that we shall be unable to do so. By a return to a higher rate we should, of course, to some extent at all events, sacrifice the main object we have in view, *viz.*, to afford some relief from taxation to the poorest classes. At the same time I should observe that, if any unforeseen circumstance, such as

a heavy fall in the value of silver, takes place, and if, at the same time, the reduction in the Salt Duty does not result in any considerable increase in the consumption of salt, it would be open to us to return temporarily to a higher rate. This is an expedient to which the Government would have recourse with great reluctance. I allude, however, to the possibility of its adoption, for it is clear that, should an emergency arise of a nature to diminish our other sources of Revenue or to increase our Expenditure, we shall be in a better position to meet it if the Salt Duty is Rs 2 a maund, than if it were levied at a higher rate.

“The circumstances under which Sir E. Baring said that the Government might find it necessary to increase the Salt Duties, have now been realised. The value of silver has heavily fallen; the rupee was 20 *d.* when Sir Evelyn Baring wrote, it is 17 *d.* now. The opium revenue has failed; for it was then Rx. 9,800,000, and we now put it at Rx. 8,600,000.

“The following statistics, which exclude the figures relating to Burmah, may be given as showing the consumption of salt and the duty paid on it. The figures are for the sixteen years ending 1886-87; and it may be added that the first nine months of 1887-88 show only a very small advance over the same period of 1886-87:—

Year.	Consumption in thousands of Maunds.	Salt Duty in thousands of Rx.
1871-72	22,280	5,723
1872-73	22,833	5,902
1873-74	22,918	5,876
1874-75	23,182	5,906
1875-76	24,720	5,874
1876-77	24,557	5,985
1877-78	24,676	6,189
1878-79	25,205	6,511
1879-80	27,071	6,910
1880-81	26,660	6,751
1881-82	27,158	6,976
1882-83	28,720	5,729
1883-84	29,169	5,815
1884-85	30,746	6,129
1885-86	30,081	6,003
1886-87	31,633	6,338

“It may be noted, with reference to these figures, that, reckoning upon the averages above shown, we may divide the whole into two periods. During the earlier of these, which preceded the reduction of duty in 1882, the rate of increase of consumption averaged annually 2·2 per cent.; while since the reduction of duty the annual increase has averaged 2·7 per cent.

“The figures show also that the extra duty of eight annas may be expected to bring in an extra revenue of Rx. 1,600,000; and, considering the improvement in all means of communication and the generally improved condition of the people, we may reasonably hope that the burden of a duty of Rs. 2-8 will not now have any effect in restricting the rate at which the consumption is increasing.

“The case of Burmah is different from that of the rest of India. The duty there has been three annas only, and, as the Government of India were bound by treaty to permit salt to enter Upper Burmah at a very low rate of duty, it was practically impossible, while that treaty was in force, to levy, in the shape of Salt Tax, from the people of Lower Burmah, the same contribution which was paid by the inhabitants of the rest of India. Another reason used to be urged in the same direction, namely, that the capitation tax in Burmah—or rather the capitation system of assessing Land Revenue—took to some extent the place of the Salt Tax in Continental India. It is very difficult to draw comparisons between the burdens of taxation in the various parts of India—especially when circumstances differ so much as those of Burmah and of Continental India,—but the present Chief Commissioner is strongly of opinion that the increased tax can easily be borne, and should certainly be raised. The present enhancement of the Burmah salt duty will add to the Revenues about Rx. 125,000.

“It

“It is to be noted also, as regards Burmah, that we do not intend to renew the exemption from income tax which hitherto, for administrative reasons, has applied to Lower Burmah. The tax legally applies to the whole of Lower Burmah, but assessment and collection will be made only in towns and centres of trade. We therefore intend, in Lower Burmah at least, as in India generally, to make the richer classes contribute according to their means, while we impose the general salt tax on all classes alike. In Upper Burmah, too, we hope to increase the revenue by taking measures for the restriction and taxation of the traffic in liquors and opium. We are carefully collecting information towards this end, as we are determined that any excise system which we introduce in Upper Burmah shall be really the imposition of a tax upon existing trade, and shall not involve the expansion or creation of a trade where little or none exists.

“Another measure which the Government proposes to adopt for the increase of its revenues is the imposition of an import duty upon petroleum. Import duties in India are matters that require delicate handling, but there is not the slightest occasion for us to take up the questions affecting such duties generally. I have only to say that we want money, and that, whatever may be the case regarding other imports, petroleum is an article in respect of which most of the theoretical objections to an import duty disappear. The importation is, necessarily, and quite apart from any levy of duty, subject to rules and restrictions, which can very easily be made to lend themselves to the convenient and certain collection of duty. The oil is for the most part of a few well-recognized brands, so that there is no difficulty in fixing its value for purpose of duty. The production is a monopoly of one or two countries (mainly, America and Russia), with which the production of India or of other countries can hardly enter into competition, and the circumstances are such that the advantage which the producing countries at present have, will remain practically unaffected by the small duty we propose to levy.

“So far as the consumer is concerned, he will certainly, even after the tax is levied, be better off than he was only a year or two ago; we are taking from him only a small part of the benefit he has received through development of the trade during the past few years.

“The statistics of the trade are as follow :—

IMPORTS of MINERAL OIL.

Year.	Quantity. Gallons.	Value, ₹ Lakhs.	Value per Gallon.
			₹
1873-74 - - - -	Not stated -	3.51	—
1874-75 - - - -	Not stated -	7.98	—
1875-76 - - - -	621,530	4.46	.719
1876-77 - - - -	439,123	4.91	1.12
1877-78 - - - -	2,405,405	22.67	.942
1878-79 - - - -	3,775,674	27.17	.719
1879-80 - - - -	7,888,247	48.19	.611
1880-81 - - - -	10,060,026	48.70	.485
1881-82 - - - -	9,883,049	50.40	.511
1882-83 - - - -	21,059,668	92.93	.441
1883-84 - - - -	13,883,838	56.17	.407
1884-85 - - - -	27,306,999	115.82	.425
1885-86 - - - -	21,311,942	85.18	.400
1886-87 - - - -	31,949,633	125.99	.395
1887-88 (8 months) - -	20,817,770	80.51	.387

“As the value of the imports of this year is slightly in advance of the quantity imported during the same months of last year, we may estimate the probable annual import at the value of 130 lakhs of Rupees, on which a five per cent. duty will give us an income of Rx. 65,000. The cost of collection will, we anticipate, be very little.

“For this project the sanction of the Legislature is required, and it is for permission to introduce an amendment of the Tariff Act for this purpose, that I now apply to the Council.

“The Government have considered the question of imposing a counter-vailing excise duty on oil produced in India, but have decided that this should not be proposed. The only Indian production on any considerable scale is that above Thayetmyo in Burmah. The production there is about 2,400,000 gallons, but as 80 per cent. is lost in refining, there is less than half a million gallons for consumption. A Company which exploited the wells near Akyab, was driven from the market by the competition of American oil. There is a little oil in Assam, but it is not worked, and there is oil round about Rawalpindi, but it is not yet exploited, except to a very limited extent for Government purposes. The Government is labouring, with some slight success, to obtain oil at Khattan, in Biluchistan. All these, however, are at the best mere nascent industries, which are utterly out of any chance of competition with imported oils, and the machinery of an excise duty is not required, and should not, in the opinion of the Government, be applied.

“The two sources of revenue to which I have mainly made reference, will give us an enhanced income of Rx. 1,790,000; and we may add Rx. 100,000 as a moderate estimate of the produce of the other revenues to which I have referred. With these, our financial position, supposing no further fall in exchange and no further loss of opium revenue to take place, two contingencies upon which it would be rash to calculate, may be stated in the following way:—

REVENUE.		Rx.
Ordinary and Recurrent Revenues as they at present stand	-	76,750,000
New Salt Duties	-	1,725,000
Petroleum	-	65,000
Assessed Taxes and Excise in Burmah	-	100,000
Total Revenues - - Rx.		78,640,000
EXPENDITURE.		Rx.
Ordinary and Recurrent Expenditure, being Rx. 560,000 short of Revenue	-	76,190,000
Special Expenditure, of which, except in the item of Military Expenditure in Burmah, no reduction can be expected for two or three years—		
	Rx.	
(1) In Upper Burmah in excess of Revenue	- 1,780,000	
(2) Frontier Roads on the North-West Frontier	200,000	
(3) Special Defences	- 750,000	
		2,730,000
Total charged on Revenue Account - - Rx.		78,920,000

“Besides Rx. 1,000,000 of North-West Frontier Railway Expenditure, which is practically of the same category as this last, but is shown as Railway Capital Expenditure outside the Revenue Account.

“The Secretary of State, although in modification of former orders he has directed that the special defence expenditure of Rx. 750,000 should be shown inside the Revenue Account, undertook, in his Budget explanation to Parliament, that the step would not involve the raising of taxation to meet it. Leaving it out of the account therefore, we have a surplus on the revenue account of Rx. 470,000, which is certainly not too much to estimate for, in the face of the risks of further fall in the price of opium and of silver, and of the fact that we are providing nothing for famine insurance, and are throwing forward Rx. 1,750,000 of financially unremunerative expenditure, namely, the present annual outlay on special defences to our Harbours and Frontiers, and on Military Railways on our North-West Frontier.”

The Honourable Rájá Peári Mohan Mukerji said:—“I had no notion that the Honourable the Finance Member, in moving for leave to introduce a Bill for imposing customs duties on petroleum, would take occasion to place before the Council a statement of the financial position of the Government of India.

As

Revenue	Rx.
-	78,640,000
Expenditure	- 78,170,000
Surplus	- 470,000

As a non-official member of Your Excellency's Legislative Council, I wish it to be understood that, without a careful examination of the statement and of the arguments with which the Honourable the Finance Member has supported his figures, I am unable to say whether his reasons and the details he has submitted have my full concurrence. The additional duty on salt, which Your Excellency has lately imposed by executive order, has given the Government of India about 1,500,000 *l.*, and it is at the same time a measure which has given very general satisfaction, as one which will not touch to any appreciable extent even the poorest in the land. If more money is wanted, I think we should look in the direction of the import duties. There might be reasons why the Government should not try to re-impose any import duty on cotton twist and yarns and cotton piece goods, which would give the Government of India a very large revenue, but I should think that petroleum is rather an insignificant article of commerce to impose a duty upon. The total value of the article imported to this country barely comes up to a million sterling, and we should remember also that it is one of those articles which has found its way to the homes of the poorest people of the land. Any duty imposed upon it would therefore touch even the poorest classes. There are other things, such as hardware and metals, which are imported to this country to a very large extent. If I am not mistaken, metals to the value of nearly 6,000,000 *l.* are imported annually into this country, and about 1,000,000 *l.* worth of hardware, and the duty on either of these articles would not touch poor people. I submit these facts to the consideration of the Honourable Council and of the Honourable the Finance Member."

The Honourable Mr. Westland said:—"The observations which the last speaker has made tended rather to open out the question which I deliberately avoided taking up, namely, that of the import duties generally. It seems to me that, whatever might have been the objections to the removal of the import-duties at the time—and I know that a number of people, especially those connected with the commerce of the country, thought that the removal of the import duties was not called for—the fact of the import-duties having gone renders it practically impossible for us to re-impose them. As regards the proposal that, leaving the cotton duties alone, we should impose an import duty on hardware, I have only to say that the question of the imposition of import duties generally was one which, from many points of view, it was very difficult to take up; and that, as petroleum offers itself in a very easy manner to the production of a small duty, we have only at present made a proposal to impose an import duty on it, without going further. I fancy that next Friday we shall have some more observations regarding the possible sources of revenue, and it is better for me to reserve till that day any observations I have to make on the general question of raising revenue. I may take this opportunity of making some observations with reference to the procedure adopted by the Government in raising the salt duty the other day, because I have seen opinions expressed in some newspapers to the effect that the Government was not justified in resorting to what was considered an extraordinary means of raising the duty, namely, by issuing suddenly an executive order for raising an additional revenue of Rx. 1,600,000. I think we are justified, in the first place, by the consideration that, the Legislature having laid down a definite mode of imposing the salt duty, it was not open to the Government of India to proceed in any other way. Besides, to announce the imposition of the duty beforehand would only be to disturb and disarrange the whole trade. If we were to announce to those who were engaged in the salt trade that the duty of 2 rupees, which was at present levied, would at some future date be raised to 2-8 rupees, the only result would be that everybody would make a rush to at once clear out the whole of the salt they could possibly get, and the result would be that a great part of the duty which we intended to impose would be evaded, to the advantage, of a few individuals and the general loss of the State. It is always advisable, in the case of the imposition of new tariff duties, that the new measures should be taken suddenly and at once, so that every person might, as far as possible, be placed upon a precisely equal footing."

His Excellency the President said:—"I do not think it necessary at this stage of the proceedings to trouble the Council with any special observations in regard to the motion before it. But I cannot help expressing my satisfaction

at hearing from our honourable colleague Rájá Peári Mohan Mukerji that the recent increase which we have made in the salt duty has met with his approval. Representing so fully as he does the views of the intelligent and educated Native community of India, that expression of opinion on his part is very valuable. Of course it is with extreme reluctance that any one in my position can give his consent to any increase to the burdens of the people of India. Unfortunately it has become my lot on two several occasions to add to the taxation of the country. But, in justification of this hard necessity, it is sufficient for me to remark that since my arrival in India, owing to the depreciation in the price of silver, the annual accumulative loss to the Government has progressively increased year by year by a million pounds sterling. The loss in 1884-85, when I first took up the reins of government, stood at 3,400,000 *l.*; in 1885-86 it amounted to 4,400,000 *l.*; in 1886-87 to 5,400,000 *l.*; and now in 1887-88 to 6,200,000 *l.* But, even in the presence of these growing embarrassments, I would certainly have been unwilling to have agreed to an increase of the salt tax, had it not been, as the Honourable Mr. Westland has most clearly explained to the Council, that a somewhat unexpected loss of revenue had declared itself during the last year under two other heads—through a fall in the price of opium and in our railway receipts. As the Government would not have been in a position to suggest to the Council, on other grounds than those of mere conjecture, that any improvement would take place in future years under the head of exchange or even under either of the other two heads of income I have referred to, it became obviously our duty at once to strengthen our financial position and to provide ourselves with a working surplus. By the executive measure which we adopted a few days ago, and by the Bill which is now about to be introduced into the Council, I trust that this satisfactory result will be obtained. I am very glad that my honourable friend Mr. Westland has noticed the circumstances under which the Government was induced to issue a Gazette notification raising the salt duty. In acting as we have done, we have merely acted in accordance with the intentions of an Act of the Legislature which placed us in possession of those powers which we put in motion. To have adopted any other course would have been undesirable. To have given the kind of notice which some persons seem to have desired would only have benefited a certain number of individuals at the expense of the community at large. I can quite understand that my honourable colleague Rájá Peári Mohan Mukerji should have felt himself—and in that respect he has merely expressed what, I am sure, is the feeling of his colleagues—unable at this stage of the proceedings to enter into any of those larger questions of finance which my honourable friend Mr. Westland has brought to the notice of the Council. But I hope that he will appreciate the desire of the Government of India, in submitting to the Council so full a financial statement as that made by Mr. Westland, to profit by the experience and advice of those eminent gentlemen I see around me.”

The Motion was put and agreed to.

The Honourable Mr. Westland also introduced the Bill. He said:—“The Bill, as honourable members will see, consists of two sections. The first makes a formal addition to the schedule which imposes import duties under the Indian Tariff Act of 1882. In that schedule we have adopted the definition of ‘petroleum’ which is given in the Petroleum Act, and it will be seen that our proposal is to impose an *ad valorem* duty of 5 per cent. The second section has for its object to make perfectly clear the manner in which, and the extent to which, the duty shall be brought into operation. There is a proviso in the Sea Customs Act—namely, under section 37—which has the effect, with reference to articles on which an existing duty is raised, of exempting from increased duties those shipments in respect of which port-clearance has already been granted, that is to say, which are in course of import but which have not yet passed the custom-house. This proviso, we are advised, does not, as a matter of law, operate in the case of petroleum, because the duty on petroleum is not raised, but a new duty is imposed. But, if this proviso under section 37 did apply, then we are of opinion that we ought specifically to provide that it should not do so. The operation of section 37 is practically to give to people who happen to be possessors of petroleum at sea an advantage, which is an advantage gained at the cost of the State; whereas every other person who

is a producer of petroleum will have to pay the duty, those who happen to be the possessors of the petroleum which is on the sea obtain the advantage of landing it free, while the action taken by us will probably have the effect of raising the price in their favour. It seems to us unnecessary, if we do wish to raise a tax on petroleum, to secure for these petroleum dealers a special advantage of three months, and therefore we propose to the Council that the proviso of section 37 shall not apply in the case of the imposition of this new duty upon petroleum. At the next meeting of the Council I shall move that this Bill be taken into consideration, with the view of having it passed, if the Council approve, on the same day."

3rd February 1888.

The Honourable Mr. Westland moved that the Bill to provide for the levy of a customs duty on petroleum be referred to a Select Committee consisting of the Honourable Messrs. Scoble, Whiteside, Steel, and Halliday, and the Mover, with instructions to report in one week. He said:—

"Last week I explained to the Council that I would on that day week propose that the Bill for the levy of a customs duty on petroleum should be taken into consideration by the Council. But since then some circumstances have been brought to my knowledge which render it desirable that the Bill should be laid before a Select Committee, before it is brought up before Your Excellency's Council. In the first place, there is a difficulty in the definition which we have applied to petroleum. It has been explained to us that this definition covers not only illuminating oils, which we ordinarily understand by petroleum, but a number of oils which are used for such purposes as lubricating and 'batching'—a process in the preparation of jute for manufacture. It is not our intention to impose a tax on lubricating or batching oil; and, if we can, by amending our definition, more accurately exempt these oils from the operation of the duty, it is desirable to do so. Then, besides this, my honourable friend, Mr. Steel, has brought to my notice that, owing to circumstances connected with the trade in petroleum, there are reasons why it is desirable that, in lieu of an *ad valorem* duty, a duty of so much per gallon ought to be adopted. My honourable friend will, no doubt, explain this matter in full to the Council, but, as the proposition has been made, I think it is desirable that it should be considered with more deliberation than can be done at a meeting of this Council. I therefore propose that the Bill be referred in the first place to a Select Committee. We shall lose a week's revenue, at least, by this step, but considering the support which your Lordship's proposals have received from the mercantile community, and even from the firms which are engaged in the import of petroleum, I think it is desirable that we should meet their convenience by examining the details of the Bill in the light of the opinions which they have given us. I hope by this means to be able to produce the Bill before the Council after another week in a form in which it will be possible for the Council to pass it."

The Honourable Sir Dinshaw Manockjee Petit said:—"Not having read the statement of the financial position of the Government of India which the Honourable Mr. Westland had placed before the Council at the last meeting in moving for leave to introduce the Bill for the imposition of a duty on petroleum, I was not able to express an opinion on the question then; but, now that I have gone through this statement, I see that the major portion of the loss which the Government has sustained was owing to the low rate of exchange, over which no one had any control; and, in order to recoup this loss to some extent, I am of opinion that an *ad valorem* duty on petroleum appears to be the least objectionable. Kerosine is now largely used by even the poorest classes. Take, for instance, a family consisting of four persons of this class; the weekly consumption of this oil among them is very often less than one quart bottle; and, if a duty of 5 per cent. is imposed on a 10-gallon case holding about 48 quart bottles, and worth from 3 rupees to 5 rupees according to quality, the amount of duty, say, on a case worth 5 rupees, would be 4 annas (or 48 pies), and that is about one pie a quart bottle. Consequently, this duty will not prove at all oppressive even on the poorest classes. I see that an objection in some quarters has been

raised against the increase in the salt tax of an additional duty of eight annas per maund; but, if the figures on this question are gone into, it will be found that this increase would be as little felt by the masses as would the duty on petroleum. As circumstances have arisen which necessitate the imposition of a duty on petroleum, and as this imposition would not, as I have above shown, at all affect the poor, I have nothing to say against its being levied.

“To recoup the continued heavy loss which has to be sustained every year in exchange, and which loss may hereafter still increase, since exchange has fallen within a short time from 1 s. 7 d. to 1 s. 5 d., and may go still lower to 1 s. 3 d., I have to suggest that the question of imposing an import and export duty be considered, and for this purpose Government should, if it think it advisable, ask for the opinions of well-experienced European and native merchants in the three Presidencies, to see what their feelings and views on the subject are.”

The Honourable Mr. Steel said:—“In the remarks which I propose to make, I will, in the first place, address myself to the subject of the Bill now before the Council.

“I take no objection to the principle involved in the taxation of imported petroleum. On the contrary, I am convinced that, if additional revenue be required, there is no less objectionable source from which it can be drawn. I would have preferred that the amount of the duty had been fixed at an anna per gallon, which would have produced 20 lakhs, as it appears doubtful policy to impose a tax which will yield but 6½ lakhs of revenue. Even the higher rate of duty would not, in my opinion, materially affect the consumer, nor impede the development of trade. A tax on petroleum possesses the important advantage that it will involve little wastage for the cost of collection. The revenue derived from it promises to increase steadily from year to year, and will eventually be a valuable resource. But, while approving of the principle of the Bill, I desire to suggest that it may be greatly improved by substituting a tax on measurement for an *ad valorem* duty. A tax on value will give rise to disputes in appraising the oil. It will tend to discourage imports of the purer qualities of oil, and will encourage shipments of the cheaper and more dangerous kinds such as have in former years caused much trouble to Government. There is another objection to an *ad valorem* duty on this article. The value of a case of petroleum consists in about equal proportions of the cost of the oil itself and that of the tins and box in which it is packed. Now, if oil be imported in tanks and landed in bulk, such oil would practically be admitted at one-half the duty imposed on goods landed in the customary packages. I believe there is a probability that Russian oil may soon be imported in tanks. I am in a position to inform the Council that importers would prefer a duty of 4 annas per case of 8 imperial gallons, which would yield 10 lakhs of revenue, to the 5 per cent. duty on value proposed in the Bill and estimated to produce 6½ lakhs. Any oil imported in bulk might pay the same duty of half an anna per imperial gallon. I trust these suggestions may be considered by the Select Committee. The honourable member has explained to us that the second clause of the Bill is designed to make it clear that the immediate operation of the law will not be limited or restrained by the reservations of the Sea-customs Act, which, if they had applied, would have permitted shipments cleared for an Indian port before the passing of the Bill to escape free of duty. On this point I entirely agree with my honourable friend. In the case of the recent enhancement of the salt duty, the effect of section 37 of the Sea-customs Act has certainly been to benefit individuals at the cost of the public revenue. I should be glad to see the recurrence of such an anomaly prevented, and would be prepared to support a modification of the law repealing the clause in question. While on this point, I must express the surprise and regret with which I have seen blame imputed to Government for enhancing the salt duty by an executive order. Speaking on behalf of the mercantile community, I do not hesitate to say that any other course would have involved most serious loss to the revenue, for which Government would have been justly held responsible. The unfortunate proviso of the Sea-customs Act to which I have referred has put 10 lakhs into the pockets of individuals at the cost of the public. A fortnight's notice of your intention would have doubled the loss to the country.

“The writers in the press seem to be ignorant that Government possesses statutory power to increase the salt duty to any point within three rupees per maund without legislation, a power that is confined to salt. Another complaint advanced

vanced in the press is the alleged loss which has fallen upon the owners of bonded salt in consequence of the imposition of the enhanced duty. I have made particular enquiries into this allegation, and it may be of interest to the Council if I explain the facts. The great bulk of the Liverpool salt in bond is owned by a syndicate of native salt dealers. These gentlemen are also the owners of a much larger quantity of salt on the way, which will escape at the old duty. The immediate effect of the change has been to increase the value of floating salt by ten rupees a ton, and to depreciate that of bonded salt by three rupees a ton. On the balance the syndicate will be gainers of a very large sum. One European firm stands in the same fortunate position. The Bombay salt in stock yields a large profit to the owners, as the duty was paid in Bombay at the lower rate at the time of shipment. The only other interest to be considered is that of the Muhammadan importers of Kuruch salt from Aden and Jeddah. These merchants are the owners of about three lakhs of maunds of bonded salt, the value of which is temporarily depreciated, and I originally feared they might be losers by the change. Yesterday, however, the three principal merchants called upon me to explain their position and ask my advice. Their spokesman, who is a gentleman of great intelligence and polished manners, answered with perfect frankness the questions I addressed to him; and it appears that, while losers in respect of their bonded stock, they have been the owners of a considerable quantity of salt afloat, by which they will make more than they will lose. Their complaint when analyzed amounted merely to their objection that, while the change in the duty had given a great profit to their neighbours, it had given them little advantage. The deputation left me, as I believe, perfectly satisfied with the explanations I gave to them. It is thus evident the owners of bonded salt have suffered no hardship.

"I will now take advantage of this opportunity to make some general remarks suggested by the statement of the Honourable Finance Minister. The public will regard with particular satisfaction the fact that such a statement has been submitted to us. It will be recognized that, by the adoption of such an unusual course, Your Lordship's Government has shown in the most practical form a desire to obtain for your measures the support of public opinion. It will be believed that on this mark of your confidence we may found the hope that Your Lordship's powerful advocacy will be given to that demand for a modification of the Council Act which has recently been expressed with a unanimity almost unexampled in Indian experience.

"The honourable member began his speech by repudiating the assumption that our present annual rate of expenditure can only result from extravagant administration. On this abstract question his defence was complete. He showed that the ordinary expenditure on administration has only increased by two millions or 3 per cent. in ten years—a period which has probably added 15 per cent. to the population. So far from agreeing with those who charge the Government with extravagance, I believe it is far more open to criticism on the ground of penurious reluctance to incur expenditure for the better administration of justice and the increasing requirements of advancing civilization. On the subject of military expenditure, the public is not in a position to offer intelligent criticism. Your Lordship's military advisers must be the judges of the value and necessity of military works. We have every reason to entrust them with our fullest confidence. We hold Government responsible for making us safe against any possible enemy—so safe that no one shall venture to attack us. Expenditure may be nothing more than a premium of insurance against panic and the reckless waste it occasions; but, even so, it is money well spent. And, if this responsibility is thrown upon Government, we must not grudge the means necessary for its efficient discharge. Nor do I complain that an unreasonable share of the cost of our defence will be thrown upon the coming year. I think the honourable member's views are entitled to generous support as those of a cautious and courageous financier.

"And now, my Lord, I must say something concerning the means adopted by Government for the restoration of financial equilibrium; and such value as this debate may possess will be derived from the expression of public opinion on this subject. As these measures have already been taken, and as we are now discussing what has been already done, and not what is yet to do, the debate is necessarily rather of an academic than a practical character. I trust, however, that the Council will not complain if I avail myself of this rare opportunity

tunity to offer some observations on the general subject of the comparative merits of direct and indirect taxation. The intelligent Englishman is apt to regard this comparison from the stand-point of his own experience. He knows that in his own country an income-tax yields without trouble a very large revenue. He knows that the proportionate cost of collection is small. He is a free-trader, and he knows that, if import duties are to provide an important share of the British revenue, they must be exacted on a scale which will greatly curtail the volume of imports. He knows that, as trade is but another name for barter, a restriction of imports would involve a diminished demand for English industrial products, now taken by other countries as payment for the goods which England imports. As an enlightened disciple of free-trade principles, he knows how the interests of England are best served. But, when such a man turns his attention to Indian finance, he will have much to learn. He will find that a sixpenny income-tax produces but a small amount of revenue: that of that amount 8 per cent. is wasted in the cost of collection. He will be told that an income-tax is obnoxious to everybody; that it harasses not only those who pay, but also those who should not be asked to pay, but who are worried with demands which it costs them much trouble and expense to set aside. For myself I may say that, while I have always considered an income-tax correct in theory, the experience of the last two years has greatly increased my objections to it on practical grounds. When the enquirer turns to examine the incidence of indirect taxation in India, he must be prepared for a new revelation. He will find that a salt-duty produces a large revenue without complaint from any quarter; that my honourable friend by a stroke of the pen can find a million and three-quarters of revenue which will not cost an additional rupee to collect; that the consumer, who will now be taxed a half-penny per month for his salt, will continue to use as much as he wants, and that, if the tax were a farthing per month, he would use no more; that there will be as little cause for complaint now the duty is increased, as there was for gratitude when it was recklessly reduced. I have every confidence that the duties on salt and petroleum will not in the slightest degree limit the consumption; that our English and American friends will send us as much salt and petroleum as before, and will take from us as much of our produce in exchange. But, having said so much in favour of indirect taxation, I may be asked why I do not push my argument to its legitimate conclusion, and advocate the re-imposition of the import duties on piece-goods and the immediate abolition of the income-tax. My reply to this must be that I see no use in discussing a matter outside the range of practical politics. I think the duties were rashly taken off, but under present circumstances I know we will not be allowed to re-impose them.

“And now, my Lord, I will venture to say that it will be a mistake if this debate is allowed to take too gloomy a tone. We have much reason to look forward with hope to the future. Agriculture, the great stand-bye of the Empire, is flourishing as it never flourished before. The manufacturing interests are prospering and developing, to the great benefit of the country. Trade is growing in magnitude. Communications are being rapidly improved. Our debt, although large, is amply covered by the value of State property. Burma will soon be peaceful and prosperous. Our frontier defences will before long be in a satisfactory condition. In your recent speech, my Lord, you attracted the sympathy of the country by the expression of your regret that it should have been your unpleasant duty to add to the burdens of the people. But the day may not be far distant when some Viceroy (I hope in the interests of the Empire it may be yourself) will have the pleasant task of remitting taxation on justifiable grounds. When that day comes, I trust you will be able to consult your Legislative Council, and we are ready with our programme. I trust the court-fees will be reduced and the rice-tax remitted. The obnoxious income tax should be the next to go, and when any further power of remission remains we will not complain if our Finance Minister tampers with the salt-duty.”

The Honourable Mr. Evans said:—“I am not an expert in financial matters, but, having watched with interest the course of Indian finances from 1878, when I first had the honour of being a member of your Excellency's Council, I am strongly impressed with the conviction that indirect taxation must be our mainstay in this country, and that further attempts at direct taxation will cause waste and friction disproportionate to the results. It has been suggested in this particular

particular instance, that the import duty upon piece goods should be re-imposed. Apart from the fact, as has been pointed out, that this is not a practical proposal, it appears to me that their re-imposition in the shape in which they existed before has become an impossibility. The growing competition between India and Lancashire will prevent their being re-imposed without their being of a protective character. I have not seen any practical proposals for raising the necessary money to meet the exigencies of the State but those which have been adopted by the Government of India, namely, the increase in the salt duties and the tax on petroleum. The statement which was made by the Honourable the Financial Member on the last occasion is a very able statement. It shows very clearly the strain which has been imposed upon the resources of India by the continued fall in exchange, the diminished revenue from opium, combined with the necessity for expenditure on our north-western frontier defences and the expenditure in Upper Burma. It also shows very clearly—what I believe to be the case—that the public moneys in India are disbursed with strict economy and supervision in the administration of this vast empire. It is also clear, I think, that the Government has done what it can, and with considerable success, by the Finance Commission, to prune and reduce establishment expenses to the extent which was within the scope of that Commission. But the outlook, with the possibility of a further fall in exchange and a great probability of a further diminution of the opium revenue from the increasing growth of the poppy in China and other causes, together with the necessity of continuing our increased expenditure in Burma for some time to come, is not a cheerful one. I am, I believe, expressing the views of many, when I say that the time has arrived for the Home authorities seriously to take in hand reforms which the Governor General in Council is powerless to effect or to deal with. The Home charges are what cause India to feel the exchange, and the Home charges are what India cannot deal with. They are very heavy and are capable of great reduction. The enormous expenses thrown upon India by the short-service system, and the constant movement of troops between England and India, involves enormous increased expenditure; and many competent authorities are of opinion that the increased expenditure brings no increase of efficiency, but rather the reverse. The expensive transport system, and many points raised by the late Army Commission, are matters which the Home Government is bound to grapple with. The India Office itself needs a thorough overhauling, and considerable reductions might be made; for the times have changed, and it will almost certainly appear that the system is more cumbrous and expensive than is needed. The purchasing and spending departments at Home should be narrowly looked into. *Quis custodiet ipsos custodes?* There is also the further important question as to whether the old system of presidencies with separate Governors and Commanders in Chief, and separate armies, should be maintained; and this too presses for solution. I think, when all has been done that can be done on this side, we are entitled to look for some relief from the other side of the water. Having helped ourselves all we can, we are entitled to call on the higher powers for aid. Meanwhile, the Government of this country must be carried on, but, unless the Home authorities bestir themselves shortly, they must expect to encounter grave and general dissatisfaction."

The Honourable Syud Ameer Hossein said:—"My Lord, since the introduction of the Bill last week, I have made inquiries in direct communication with the dealers of kerosine oil, to ascertain what would be the incidence of the proposed duty. The present market or contract value of each box containing two tins of the oil as entered in the invoice is Rs. 3-9. The duty at five per cent. would amount to about three annas per box. The oil is retailed in the bazaar to the poor people in bottles. Each box contains 10 gallons of the oil, capable of filling up 48 quart bottles. So the 48 bottles will pay a duty of three annas or 36 pies, and therefore each bottle will pay a duty of three-fourths of a pie. The present retail price of a bottle of oil is one-and-a-half annas or 18 pies. The addition of three-fourths of a pie to the 18 pies will not be an appreciable burden to the poor people. The above calculations satisfactorily prove the unobjectionable character of the proposed duty. I have read with great interest the very able Financial Statement laid before the Council by the Honourable Finance Minister. I think that the honourable member has made out a good case for the increased taxation, which happily has

taken the indirect form. I feel bound to say, my Lord, that nothing is so unsuited to this country as direct taxation. The law may not be so harmful or inequitable in theory, but its administration, in spite of the closest supervision of the controlling authorities, is nearly always unsatisfactory, and sometimes attended with a good deal of oppression.

“At the risk of treading on forbidden ground, I respectfully trust, my Lord, that, should necessity arise for a further increase of revenue, recourse may be had to that form of indirect taxation which was abolished by this Council a few years ago, and which, so far as India is concerned, is the least objectionable impost.”

The Honourable Rana Sir Shankar Bakhsh Singh Bahádur said:—“I have fully considered the Petroleum Bill and the Statement of its Objects and Reasons. Since petroleum (including various kinds of inflammable liquids enumerated in the Bill) is an article of trade, it does not seem to me improper to levy a customs duty on the same on its being imported into British India from any other country or island. My reasons for the above conclusion are as follows:—

“(1) The Government has, both on land and water, afforded every convenience and safety to the public by means of railways and steamers, which facilitate commercial communications with distant countries, and thereby cause the prosperity and development of commerce.

“(2) The Government, as far as possible, protects the property of every individual.

“Having these reasons in view, I entirely agree with the honourable member, Mr. Westland, in his proposal to impose a duty on petroleum; but, since at the same time it appears from the Statement of Objects and Reasons that the trade of petroleum has been on the increase for the last two years only, I beg to suggest that in the beginning, if deemed advisable, the rate of duty should be a little lower than that which has been proposed. In future, the rate may be raised if the said trade prove more flourishing, or if the present increase therein remain in after years steady.”

The Honourable Rájá Peári Mohan Mukerji said:—“The increased duty imposed upon salt a few days ago will so nearly meet the anticipated deficit, and the revenue expected from the proposed levy of a customs duty on petroleum is altogether so small, that I was tempted for a moment to suppose that one of the objects for which this small measure has been proposed was to overcome the legal difficulty in the way of gratifying a widely and influentially expressed public desire. Such a supposition would, perhaps, have been wholly groundless, but I nevertheless feel beholden to your Excellency's Government for having allowed me and my non-official colleagues in their Honourable Council an opportunity for discussing the main features of the Financial Budget for the ensuing year. The Honourable the Finance Member is to be congratulated on the lucid exposition of the financial position of the country which he has given to the Council. The inevitable expenditure for the defences of the north-western frontier, and for bringing Upper Burma under civilised administration, would have been met from the ordinary and recurrent revenues of the country, if the increased loss by exchange and the falling off in the opium revenue and the gross earnings of railways had not caused a strain beyond the capacity of our revenues to bear. It is again a sort of expenditure which, on account of its being immediately unproductive, must be charged on the revenues of the year. To think of meeting it by raising a loan would be extremely unwise, as it would permanently add to the burdens of the country and make the financial position of future years much worse. Before we realise, therefore, a substantial saving of expenditure by such measures of economy as might be carried without diminishing the efficiency of the various departments of the administration, there is a clear necessity for a large addition to the recurrent revenues of the ensuing year. The increased salt revenues will supply this addition and leave but a small deficit, and, as petroleum is not a very important article of commerce, and a duty upon it is likely to touch the poorer classes, I suggested at the last meeting the propriety of looking to other articles for raising a revenue upon by means of an import duty. Whether a duty on metals and hardware would

would not press more harshly than one on mineral oils, at least on certain races and classes of the people, is, however, a question which, in the absence of carefully prepared statistics, I do not wish to face. The very universality of its use points to petroleum as an excisable commodity, and all objections to a duty upon it in this country, based upon humanitarian grounds, vanish when it is considered that the average incidence of the tax upon every family in the empire will be less than half an anna a year."

The Honourable Mr. Westland said:—"It has been particularly gratifying to myself, and I doubt not also to the other members of your Excellency's Government, to find that the proposals we have made for the restitution of our financial position have been so generally accepted by those who are most qualified to pronounce an opinion regarding them. I am afraid that a sense of relief from taxation in a more unacceptable form may have conduced in some degree to the general acceptance of the enhancement of the salt duty. For myself, therefore, I would not carry this public approval of our policy so far as to remove the reluctance with which we had recourse to the salt duties, and I shall be very glad when the time comes in which we can relegate the eight annas, which we have now re-imposed, back to the position in which Sir Evelyn Baring placed it, namely, that of a reserve to be appealed to in times of trouble. But our first duty undoubtedly was to put ourselves right with the world, by making our revenue adequate to our expenditure, and I think it is a matter on which we may well congratulate ourselves that our full and frank statement of our financial position has enabled the public to realize the difficulties which we had to meet, and to give its approval to the means we are adopting to escape from them.

"It is only fair that I should say we have no intention of now folding our arms, and, having secured what we hope may be a balance on the right side, of relaxing our efforts in the direction of economy. So long as our financial position is dependent upon the maintenance of a salt duty of 2-8 rupees, we must regard ourselves, in the management of our expenditure, as still under the same obligations which a deficit would impose upon us. We must also do our best in the development of our existing revenues. I look hopefully to a considerable increase in the excise revenues, and believe that a great deal might be done in Northern India by the introduction of the methods which in Bombay and in Madras have so powerfully contributed to the increase of revenue under this head. I believe also that we have far from exhausted the possibilities of the provincial system, and I am of opinion that we may find in further development of it a means of increasing our financial strength. By these, and by other means, we must strive to bring more near to us the date when it may be possible to examine our revenues for the purpose of remission. My honourable friend, Mr. Steel, has recommended to our notice in this respect the rice duties, which have certainly been repeatedly condemned on economic grounds, and which only financial necessity has preserved in existence. But I am afraid that remissions of revenue have at present only an academic interest, and it is only waste of time to discuss now what will most likely have to wait for our successors to decide.

"And for the same reasons I must also claim exemption from the duty of saying anything about the import duties generally. The policy of their remission has been referred to more than once, both in former debates and during the present one. But the policy, I submit, must be regarded as a closed book. The practical questions which submit themselves for our decision are sufficiently numerous, and sufficiently important, to occupy our whole attention; and the practical question with regard to the import duties is not whether they should have been remitted or not, but whether, having been remitted, it is practicable now to re-impose them. To this question I do not think there can be two answers. Manchester and Bombay are now such rivals that it would be quite unjustifiable to tax Manchester with an import duty, unless we also taxed Bombay with an excise duty; and the difficulties in the way of an excise duty, especially with reference to mills which lie in Native territory, or which might be transferred to Native territory, are such as to place the proposal outside the range of practical politics.

"The Honourable Rájá Prári Mohan Mukerji has in connection with this subject referred to the propriety of re-imposing the duties on metals and hard-

ware. The tax upon metals yielded only ten lakhs, and the tax upon hardware amounted to under three lakhs. Apart from the general inadvisability of re-imposing import duties, there are practical considerations against the re-imposition of particular duties, the proceeds of which would be small; for it can never be worth while to introduce the general machinery of a customs duty for the purpose of obtaining the small sum of 13 lakhs. The justification for the imposition of a duty on petroleum lies in the fact that it can be done under the existing conditions of the trade with practically no additional expense or restrictions upon the trade. That would not be the case in regard to the imposition of duties on metals and hardware; and, moreover, I do not endorse the contention of my honourable friend that a tax on metals and hardware will only fall on the rich, and not in any respect on the poorer classes.

“My honourable friend, Mr. Steel, has also referred to the claims made on behalf of litigants that we should reduce the fees payable by them, and the same subject was taken up in the letter, to which he has made allusion, of the Chamber which he so ably represents. For one reason I am glad that the reference has been made, because it gives me an opportunity of removing what seems to be a very general misapprehension. I shall not discuss the question whether the administration of civil justice may or may not be made a source of revenue just as reasonably as any other Governmental business: that is a question on which, especially in India, there may very well be two opinions. But I would simply ask the question: On what ground is it supposed that, as matters stand, the Government makes any profit at all? No figures that I have ever seen establish such a conclusion. It is easy to show that the revenue from court fees more than covers the cost of the salaries of officers and the establishments employed in connection with Civil Courts; but, before a fair account can be made up, numerous other items have to be regarded. You have to reckon, for example, the cost of pensions and of leave allowances, and the cost of providing and maintaining buildings. It is not a very easy thing to do, but we have made elaborate investigations upon this basis; and the result, so far as we have made it out, does not support the view which has been too readily assumed by my honourable friend and by others. To mention only the case of the larger provinces: there is a considerable loss in Bombay; in the North-Western Provinces we also overspend the income by about 10 per cent.; in Madras we make a saving of about 5 or 6 per cent.; and in Bengal the saving is probably somewhat larger than that. The smaller provinces show a loss in every case. I cannot state in actual figures the result for the whole of India, but so much at least appears evident, so far as our investigation has gone, that very little, if any, profit is made out of the whole business, and that litigants do not, on the whole, pay more than is required for the maintenance of the courts of law. I think it is very important that these facts should be known. The high judicial authorities who are charged with the oversight of the administration of justice are necessarily, in the plain exercise of their duty, continually pressing for improvements and additional expenditure in all directions; and they have a strong case if it were really true that the Government made the administration of civil justice a source of revenue. But, as this is not the case, India cannot afford to pay for perfection in that department any more than in any other, and the Government is not justified in setting aside financial considerations in dealing with these subjects. It is, to say the least of it, doubtful how far the reduction of the court-fees duties, even if carried out, would give the anticipated relief to litigants. Although I cannot speak from personal experience, I believe the payment of court fees forms but a small proportion of the total of the law charges incurred by a litigant, and the reduction of their amount would make no great difference in the total of the charges which the litigant has to meet. But in any case the facts I have stated will show that, so far as the Executive Government goes, there is very little chance of our being able to afford any reduction of the revenue from court fees as long as the expenditure bears its present proportion to the receipts; and that, if the public consider their burden too heavy, the only condition on which relief can be afforded, is that by some reforms in procedure or system, or by some other means, a better tale of work be obtained from the existing Courts.

“My honourable friend, Mr. Steel, has referred also to certain complaints which have been put forward as to the hardships entailed upon the owners of salt in bond. The fact is, according to information which I also have received,
that

that the owners of salt in bond happen also to be owners of large quantities of salt in course of transit by sea: and, as he has explained, these owners, having large quantities of salt at sea in respect of which the provisions of section 37 of the Sea Customs Act applies, are able to realise large and totally unexpected profits; and, while they are engaged in selling, at this unusual profit, the salt they have at sea, they of course put off, in the meantime, the sale of the salt they have in bond. The honourable member will, perhaps, be extremely surprised to hear that these merchants have made this the subject of a memorial to the Government, in which they refer to the action of the Government in suddenly increasing the salt duties as imposing upon them a 'ruinous loss.' 'Ruinous loss' is certainly a curious term to apply to an operation that has brought them an unexpected profit of some lakhs of rupees. I have no doubt that they would like to have its operations extended also to the duty upon salt in bond, by which, of course, their profits would be enhanced to double the amount they will now receive. But, when an importer deliberately chooses to bond his goods, instead of bringing them to sale when first landed, he must accept the risk of an alteration of the duty at the time at which he chooses to bring the goods for consumption. It is very pleasant to learn that the notification of the enhancement of duty has not, as a matter of fact, involved any loss to the salt merchants of Calcutta, but I confess it would have been preferable if the operation of the Sea Customs Act had not entailed a loss to the Treasury and a gain to them of the duty upon salt in course of transit by sea.

"On one other point I wish, with your Excellency's permission, to offer some observations. The proposal has been made that our present difficulties may be evaded by the plan of separating Burma from the rest of India, constituting it a separate province and borrowing against its future revenues. For such a plan, of course, separation from India must be absolute and complete; the mere separation of the Burma budget into a separate account, while still remaining part of the revenue and expenditure for which the Indian Government are responsible, would mean nothing at all. You do not get rid of expenditure, and of the liability that it imposes upon you, by the simple process of writing it under a separate account. But this separation of Burma into a new and separate financial entity is one of those proposals which crumble to pieces the moment you attempt to give them definite practical shape. The whole basis of it, of course, is that the local revenue is not at present, and is not likely for some time to come to be, equal to meeting the expenditure. We cast Burma adrift on the express ground that it is for practical purposes insolvent, and financially not worth keeping. But who will lend money upon the security of revenues such as these? Burma has no credit; it cannot have, if it is disparaged at the very start by such a policy. Whatever money is raised therefore must be raised on the credit of India; and we come back to the very methods to which I put forth the objections by anticipation last week. There is no difference whatever between the plan of opening a new Burma account and borrowing on the credit of India to meet the deficit it is to show, and the plan of charging the expenditure as Indian expenditure, and borrowing instead of raising revenue to meet it. The latter is the honest and straightforward way of stating the facts; the former is an elaborate device for concealing the truth from yourself.

"A financial separation is therefore a practical impossibility, but, even if it were not so, it would be a policy to which we have no right to resort. The annexation of Burma differs in no respect from the various annexations which we have made from time to time, and which have built up the India we now know. One after the other they have been incorporated in the empire, brought under one common administration, one common system, bound together by ties—administrative, political, military, and commercial—which render any idea of separation an impossibility. Some provinces are rich and advanced, some are poor and backward; but all have benefited enormously by the linking together in a common system. We have no more right to cast Burma out of the common brotherhood, and to tell it to bear its own burdens, than we have to select the poorer portions of Bengal or Assam, and to tell them that the wealth of their neighbours cannot be applied to giving them a share in the common civilisation. For thirty or forty years Burma has been a member of the empire, has borne its share in its burdens, has paid like the other provinces its contribution towards the common imperial expenditure.

After having obtained from it for so many years all the advantages which arise from the broader basis on which the empire has been built, and the measure of financial relief which is due to its participation in the common burdens, I cannot conceive by what right we can now impose upon it the burden of the new conquest, and tell it that it must from its own resources, and without help from us, bridge over the interval that has to elapse between our first occupation of a new and undeveloped province and the time when it ceases to be a burden and becomes a support to our financial position. For Upper Burma, its annexation and its administration, we, the Indian Empire, are responsible; and it would be as unjust politically, as I believe it would be in the end financially foolish, were we to attempt to pass on to others' shoulders the burden of the responsibility we have deliberately assumed. The time has not yet come when we need stand aghast at our own greatness, and beg one of our own minor provinces to take off our hands the responsibilities which that greatness imposes upon us."

The honourable Lieutenant General Chesney said:—"I did not intend to trouble the Council with any remarks to-day, but something has been said by my honourable friend, Mr. Steel, in the course of his very interesting and lucid statement which tempts me to offer a few observations on the subject. I think we must all be indebted to the honourable member for having in a few words of admirable common sense explained away a great deal of the nonsense which has been talked during the last few days about the irregular action of the Government in regard to the mode by which the salt duty has been enhanced; and it is very gratifying to find the general policy of the Government supported by so high an authority. But one remark was made by him to which I venture to take exception. My honourable friend spoke in terms of blame of the action of the Government in 1882 when they reduced the salt duties; he spoke of the 'reckless' reduction of the salt duties in 1882. I venture to demur to that expression as being a correct interpretation of the facts of the case. The Government in 1882 had a considerable surplus in hand; and here I might venture to remind the Council that India, whose financial condition my honourable friend, Mr. Evans, considers to be gloomy, shares with England the happy position which, with the single exception of the United States of America, it alone possesses among all civilised countries, of ever having a surplus in any years. If you examine the financial condition of all the countries in Europe, there is one point in which they all agree, namely, that there is uniformly a deficit, and uniformly a fresh loan, every year. The revenues of France, Russia, Italy, and I believe Germany also, year by year fail to make good the necessary expenditure, and the deficit has to be filled up by the inevitable loan. India has had occasionally to borrow money, but it has fortunately had during the last thirty years several years of surplus. India and England are the only two countries in that happy condition. Now, as regards the mode of dealing with a surplus, I think we may take a lesson from the practice which is followed in England. In England, when there is a surplus, the practice used to be to take off some of the import duties in order to cheapen articles which are in common use. After a time, when the process of reduction of the import duties had been carried to a very great extent, then English financiers began to operate upon the income-tax. The practice having been dropped of the further remission of import duties, there were practically only two ways of dealing with a surplus—to reduce the income-tax, or to pay off a portion of the national debt; and the former alternative has been the one usually adopted. Now, in this country the salt duties practically take the place of the income-tax in England. The income-tax in England is paid by a large proportion of the community, whereas in India the income-tax falls upon a very small percentage of the people, and it is only by dealing with a tax which affects the mass of the community that any considerable operation is possible, while, as has been repeatedly pointed out, the salt-duty is a duty which can be increased or reduced at will without any additional expenditure for collection. Now, there were two courses open to the Government of 1882—to lower the salt duties or to pay off debt. Suppose the Government had not pursued the 'reckless' course of reducing the salt duties which had been commented upon by my honourable friend, Mr. Steel, what would have been the certain consequence of maintaining that tax at the higher rate? Anybody acquainted with the history of Indian administration will know that there could

could have been but one certain result—the expenditure would have increased to the full extent of the surplus in a very short time. The Government of India with a surplus to dispose of would be immediately subjected to the pressure of the Local Administrations for larger grants of money, and we may be sure it would be inundated with proposals from all directions—from admirable motives no doubt—for the means of improved administration in all branches, and the surplus would soon be consumed. If, therefore, the salt-duties had not been reduced in 1882, the Government of India would have been left at this period without that valuable resource to enable it to retrieve its financial position. I venture to think that it is always incumbent upon the Government to pare down its revenue as well as its expenditure, and that a good surplus of one year should not be made available for increased expenditure, but should rather be applied to the reduction of taxation.

“I wish also to make one observation in reply to what has fallen from the Honourable Mr. Evans as to the gloomy prospects of Indian finance. In this my honourable friend echoes a good deal of what has been said during the last few days about the state of the Indian finances in many different quarters. I saw the other day in a highly respectable newspaper published at Allahabad, which generally writes in a very lucid strain, a reference to what it called the present financial crisis. Now I am old enough to recollect a good many financial crises. First of all came the great crisis of the mutiny, when forty millions had been spent, the collection of the revenue had been stopped over a large part of the country, and the Treasury was empty—an occasion when it might indeed appear as if we were on the eve of national bankruptcy. Yet three years afterwards we had already arrived at a time of prosperity and a handsome surplus. Then, in 1876, there was a crisis during the famine, when we had to spend no less than sixteen millions merely to keep people alive. Then came the great drain upon the Government during the time of the Afghan War, when twenty millions were spent. Then again you heard the old story about financial bankruptcy. Three years afterwards, and during the time of Sir Evelyn Baring, he was able to bring out a prosperous budget with a large surplus. In face of these financial crises I think the language used in regard to the present state of things is a little hysterical. It is quite true that under conceivable circumstances, if all things combined to go wrong together—if exchange continued to go down—if the revenue from opium continued to fall, if trade became more depressed, then certainly we might be in a bad way. But, as my honourable friend, Mr. Steel, has reminded us, this is not a time of mercantile or social depression. The very loss by exchange, which is one of the causes of difficulty for the Government, in the opinion of a good many competent judges, is a source of great prosperity to the country. I think, therefore, that, if we look back at the history of these real financial crises through which the Government has safely emerged, we need not be alarmed at the present state of affairs, which, compared with what has happened in the past, is merely a financial ripple on the water.”

His Excellency the President said:—“Our honourable colleague the Finance-Member may certainly be congratulated on the candid and generous manner in which his financial statement has been received by all the members of this Council; and it is gratifying to the Government to feel that not only do we possess the unanimous approval and support of the Council, but that we may fairly conclude that the views which have been expressed by Mr. Steel in his very weighty speech, by Mr. Evans, and by all the Native members, are the reflex of that intelligent public opinion which they are so well entitled to represent. The question has been so ably dealt with by every member who has spoken, and the consensus of opinion is so general, that it is unnecessary for me to trouble the Council further. Of course the real difficulty attending our financial policy is the instability of silver. With an uncertainty of that kind introduced into all his calculations, no Finance Minister can ever enjoy any real repose. He must be always conscious that in the unknown future there may exist contingencies which will upset all his calculations and destroy the anticipated equilibrium in his budget; but from the very nature of the case all that the Government can do is to exercise its best intelligence in calculating the probabilities of the actual situation, and leave the ultimate issue in the hands of Providence. As I have already had occasion to say, had it not been for the

Fall in silver which has made me three millions a year a poorer Viceroy than I was when I first came to the country, notwithstanding even the fall in opium and the expenditure in Burma, I think we might have tided over our present difficulties without any resort to increased taxation. From what I have recently heard from our Minister in China, it does not seem likely that any very considerable change in the mercantile relations between China and India as regards opium is likely to ensue. Again, though we have no right to allow such an anticipation to influence our practical policy, we may fairly hope that our railway receipts will also recover. With regard to Burma, there is no doubt that, although during the last year the expenditure has been very heavy—heavier even than was anticipated—it will be a diminishing charge, and even in the budget we are now preparing a change for the better will be shown. Moreover, it must be remembered that Lower Burma may be expected, if not altogether, at all events to a considerable extent, to be able to carry Upper Burma on its back. It is true the surplus revenue of Lower Burma, which annually accrues over and above the expenses of its own administration, and now amounts to nearly a million, only represents a fair share which that province might be called upon to pay towards the general imperial expenses of administration; but, on the other hand, it is clear that, if Lower Burma did not exist, the large sums which for some years past we have received from thence would have had to be supplied by India herself from extra taxation from which she has now been relieved. Consequently, were the accounts of the two provinces to be united, the deficit in regard to Upper Burma, even for the present, will be found to be inconsiderable. It will be interesting to the Council to know that not only are we daily receiving satisfactory proofs of the rapidity with which Upper Burma is settling down and order is being established, but that we have made most satisfactory progress in dealing with all those subordinate questions which affect the Shan States and our relations both with Siam and China. It has been stated that this Government has determined upon the subjugation of the Shan States, and that we are about to send a *corps d'armée* in order to carry this purpose into effect. Such an observation only shows how very great is the misconception which prevails in regard to the political and geographical condition of what are known as the Shan States. As you are aware, Burma may be described as a broad valley traversed by the Irrawaddy and the Chindwin, with the Arakan mountains on the western side and a corresponding high plateau on the eastern side. It is upon this plateau, which extends as far as the Salween, that the Burmese Shan States are situated. These States have always been subject to Upper Burma, and, when we took possession of that country, we sent messages to their various chiefs, that from henceforth they were to regard Her Majesty the Queen as their Sovereign. This information was received upon their part in a satisfactory manner, and they suggested that we should send up some officers to settle the exact nature of their future relations with us. We have taken advantage of the cold weather to despatch two political officers into the Shan States, accompanied each by a small column. These gentlemen have traversed the whole district from one end to the other in perfect security, and have been everywhere received in a cordial manner, both by the population and by the various chiefs. Not only so, but our agents have met on the extreme eastern frontier of Shan Burma the authorities of Siam, and have come to a preliminary understanding with them as to the frontier which is hereafter to divide the Shan States under British rule from those under Siamese jurisdiction. But what perhaps is even a more gratifying feature in the situation is the fact that the Government of His Majesty the Emperor of China is exhibiting towards us a most friendly spirit, and is doing everything we could desire to render the settlement of that part of Burma which borders on China easy and successful. The Viceroy of Yunnan has received instructions to order the officials on the Chinese frontier to cultivate friendly relations with us, and the effect of this action upon the part of China is now becoming very marked. I may mention, as an additional proof of the desire of China to exhibit a conciliatory spirit towards the Government of India, that she is using her best efforts to induce the garrison of Tibetans who have passed beyond their own frontier and have built a fort on a road which was made by the Indian Government in Sikkim, and over which we have definite and strict legal rights, to retire within their own territories. Consequently, although, as must always be the case in a new province recently added to the Empire, a very considerable outlay will be necessary in

in Burma with the view to furnishing it with roads, jails, barracks, and public buildings, and for the purpose of opening up what are undoubtedly its large material resources, I do not think that any one need apprehend that our expenditure in Burma will eventually prove a source of financial embarrassment to the Indian Government. Thanking the members of the Council for the patience with which they have listened to my few observations, for the generous spirit in which they have received the financial statement which has been placed before them, as well as for the valuable suggestions which have fallen from various members, I proceed to put the motion, namely, that the Bill to provide for the levy of a customs duty on petroleum be referred to a Select Committee, consisting of the Honourable Messrs. Seoble, Whiteside, Steel, Halliday and Westland."

The Motion was put and agreed to.

10th February 1888.

The Honourable Mr. Westland presented the Report of the Select Committee on the Bill to provide for the levy of a customs duty on petroleum. He said:—

"Last week I mentioned the two objects which would mainly have the attention of the Select Committee. The first of these was the definition of petroleum, and the second was the form in which it was proposed that the duty should be levied. As regards the definition, the intention was to levy a tax on those ordinary qualities of petroleum which are used for illuminating purposes. There are special qualities of oil which are imported, mostly of a more expensive nature, but which ought rather to be regarded as a raw material for manufacture. They are used for batching fibres and for lubricating machinery. The object we had in view in examining the definition was to frame it in such a manner that the tax would be levied upon those cheaper and ordinary kinds of oil used for illuminating, and at the same time would not reach those qualities which are imported purely for lubricating and batching. The solution of this difficulty we found in the Petroleum Act. That Act provides that, whereas ordinary petroleum, when it is imported, is subject to certain restrictions for safety's sake, that class which is required and imported for lubricating purposes, and of which the flashing point is 200 degrees or over, is exempted from these restrictions. The Petroleum Act does not mention oils which are used for batching, but I find that in practice batching oil is treated in exactly the same way as lubricating oil. Batching oil, like lubricating oil, is above 200 degrees flashing point. I am informed that oil which is below that flashing point can be used for batching; but the Chemical Examiner to Government states that, so far as specimens of batching oil have been submitted to him, he has not received any specimens of which the flashing point is below 200 degrees. It is obvious, therefore, that by this 200 degrees standard we can practically separate the two classes of oils which are imported—those which are imported for illuminating purposes, and which we desire to tax, and those special qualities which are imported exclusively for lubricating and batching purposes, and which we desire to exempt. The definition, therefore, exempts from taxation oils of which the flashing point is 200 degrees or over, and which are intended for lubricating and for batching purposes.

"Then, as regards the form in which the duty is proposed to be levied, the Select Committee have accepted the recommendation of the mercantile community to impose a fixed duty instead of an *ad valorem* duty. It is obvious that the levy of a fixed duty is much more convenient than a duty assessed *ad valorem*. The objections to it are mainly that the poorer classes, who naturally use the cheaper qualities of oil, are, by a fixed duty, made to pay a higher rate of taxation than the wealthier classes, who naturally use the more expensive qualities of oil. But enquiries show that in the case of kerosine oil there is very little difference in price between the lowest qualities which are imported and the highest. I find that, taking, for example, 3-13 rupees as the average price of imported oils, the cheapest quality is 7 annas below that and the dearest 7 annas above it. The values therefore being so near uniformity, it is obvious that a fixed duty will in its operation differ not very essentially from an *ad valorem* duty;

duty; and therefore it may by preference be adopted, as in other respects its simplicity recommends it. I may mention that there is a very small quantity of high-priced oil imported. This high-priced oil will, by the levy of a fixed duty, escape its proper proportion of taxation; but it is better to accept the inconvenience of an inequality like this, than the greater inconvenience of applying all the difficulties of an *ad valorem* duty to the much larger quantity of the ordinary oils which are imported.

“Then, as regards the amount of the duty which we have inserted in the Bill, we have again accepted the recommendation of the mercantile community. The rate is a little heavier than that which was proposed in the original Bill. It comes to about 8 per cent., whereas, as originally proposed, the rate amounted to only 5 per cent., and the proceeds from the higher rate of duty are computed at about 10 lakhs, whereas formerly it was computed at 6½ lakhs. But the best opinion is that the trade can easily bear the higher rate of duty. Petroleum has so great an advantage over other illuminating oils in respect of the cheapness of its production, that this duty of half an anna per gallon will not materially modify that advantage. We are not in a position at present to refuse even 3½ lakhs which this additional rate of duty, suggested by the mercantile community, will give us. And it must be remembered in its favour that a tax on petroleum will be for the most part a tax upon the well-to-do classes, as petroleum is chiefly used in municipalities and large towns, while the ordinary rural villager still adheres to the dim light of his ancestors, and does not understand the arrangements of glass and brass which are necessary for the consumption of kerosine.

“I have one more remark to make, and that is to explain that we have adopted this fixed rate of duty per gallon in preference to a fixed rate at so much per case. There are two reasons for this: one is that which was given by the Honourable Mr. Steel at the last meeting of the Council, when he explained that it was perfectly possible, and even probable, that in a short time petroleum would be imported not in cases but in tanks; another reason is that the cases which arrive often suffer damage during transit, and the importer finds on their arrival that the cases are partly leaking and empty. The custom is for the importer, or rather the purchaser, after landing the cases, to make up, out of a number of leaky cases, a certain number of full cases. The result of applying the tax per gallon will be to avoid any question about charging empty cases otherwise than according to their ability to pay.”

The Honourable Mr. Westland also moved that the Report of the Select Committee be taken into consideration.

The Motion was put and agreed to.

The Honourable Mr. Westland also moved that the Bill, as amended, be passed.

The Motion was put and agreed to.

— No. 2. —

FINANCIAL STATEMENT FOR 1888-89.

SECTION I.—INTRODUCTION.

THE financial statement of March 1887 admittedly left the financial position in a state of unstable equilibrium. Its key note was the following paragraph, in which it was stated that the Government of India had, in consequence of increasing expenditure, exhausted all other resources available to it, but considered it too soon to address itself to the question of new taxation:—

“It may be added here that, in view of the causes which have led to an increase of expenditure, and to the other considerations which present themselves in connection with the financial situation, it is not the intention of the Government to add to existing taxation. The growth of expenditure in the Estimates of 1886-87 and 1887-88 arises in part from war charges and in part from a further fall in the exchange; and the Government is of opinion that it would be undesirable to seek to meet the deficit at present arising from these causes by the imposition of further burdens. The attention of Her Majesty's Government has, during the year now closing, been turned to the difficulties caused to the Government of India by the fall in silver, and the question of gold and silver currency has been submitted to a Royal Commission, the result of whose deliberations must be awaited. The present military expenditure in Upper Burma is of a temporary nature; and, although considerable sums must be expended during the next two or three years in opening up communications in Upper Burma, and in providing the public buildings necessary for the accommodation of the garrison and for the conduct of business, it may be expected that, with the return of order, the revenues of Upper Burma will expand, and that its resources will become, in an increasing degree, available. For the present, therefore, until the outcome of present difficulties is seen more clearly, the Government considers that, in providing for the necessary expenditure arising from its administrative needs, it should avail itself of resources which, in times of surplus, are assigned from its revenues to the construction of railways or to the diminution of the amount which it borrows annually for railways.”

2. The situation during the course of the year became, in an increasing degree, more unfavourable. It soon became manifest that the reduction of Military Expenditure in Burma, which the Budget Estimates had hoped for, could not, for the present, be effected in such a considerable degree as to afford to the finances sensible relief. Opium prices fell off with greater rapidity than could have been foreseen, and our opium revenue threatened to fall short of Budget by Rx. 400,000. Railways from the first, instead of improving, as the experience of former years led us to expect, showed returns that were worse than those of 1886-87. Exchange, which seemed in February 1887 to have re-established itself for the time, rapidly dropped and settled at a rate of from $\frac{1}{2}$ d. to $\frac{3}{4}$ d. less than that which had been realized in 1886-87. Salt and other revenues showed favourable returns, and the expenditure, apart from exchange, was well within the estimates; but these favourable features were greatly outweighed by the unfavourable results which I have mentioned.

3. The causes which led to the deterioration here explained were not, for the most part, such as seemed likely to disappear with the close of the financial year then current. The Government therefore, before the first half of the year had expired, found itself face to face with the question of extra taxation. The result of their deliberations is already known to the public. It was determined that it was necessary to seek improvement of revenue to an extent of nearly Rx. 2,000,000. Some small items of new revenue presented themselves in connection with the new Province of Upper Burma. And the Government of India had already been considering the question of raising an import duty on petroleum. But these small items went but a short way to fill up the gap, and the Government, as is already known, came to the resolution of restoring the eight-annas salt duty which had been remitted in 1882. The increase of salt duty was imposed, on 19th January 1888, by a notification issued under Act XII. of 1882, and the necessary legislative measures were taken to raise a duty on petroleum.

FINANCIAL STATEMENT OF THE

4. A statement of the financial position was made on the occasion of introducing this Bill in January 1888, and the fulness of that statement, and of the discussions that took place upon it, a week later, will excuse me from entering, in this place, upon any explanations of a general character. I have to present little or nothing that is new, so far as the general position is concerned, and shall pass at once to the elucidation of the details which will apply to the particular estimates of the year 1888-89 the general conditions then set forth.

SECTION II.—ACCOUNTS OF 1886-87.

5. The following statement shows the actual figures of the accounts of 1886-87, and compares them with those presented as Revised Estimates for that year, in the Financial Statement of March 1887. The results agree in the main with those which were announced to Parliament in the Under Secretary of State's Financial Statement of 9th September 1887 (a), and which had already been published in the "Gazette of India" of 30th April (page 209):—

	1886-87.		Accounts Better.	Accounts Worse.
	Revised Estimate.	Accounts.		
REVENUE.				
India (Imperial and Provincial) - Rx.	75,754,200	77,010,111	1,255,911	—
England - - - - - £.	231,600	237,651	6,051	—
Exchange - - - - - Rx.	85,900	89,372	3,472	—
TOTAL - - - Rx.	76,071,700	77,337,134	1,265,434	—
EXPENDITURE.				
India:—				
Imperial - - - - - Rx.	35,736,100	36,181,626	—	445,526
Provincial - - - - - Rx.	21,200,900	21,112,381	88,519	—
Adjustment of Provincial - Rx.	—577,300	+35,665	—	612,965
England - - - - - £.	14,373,000	14,409,949	—	36,949
Exchange - - - - - Rx.	5,338,500	5,419,086	—	80,586
TOTAL - - - Rx.	76,071,200	77,158,707	88,519	1,176,026
SURPLUS - - -	(b) 500	(c) 178,427	177,927	—

6. It will be seen that the main features in this comparison are that the Revenue in India was Rx. 1,255,911 better than the Estimate of Rx. 75,754,200, and that the "Imperial" Expenditure in India was Rx. 445,526 worse than the Estimate

(a) "There has been an increase in the Revenue of Rx. 1,100,000; of which the Land Revenue gives Rx. 476,000; Salt Revenue, Rx. 117,000; Excise Revenue, Rx. 109,000; Railways, Rx. 166,000; and Revenue under other heads, Rx. 232,000; making a total improved revenue, as I have said, of Rx. 1,100,000. Of this improved Revenue, however, Rx. 420,000 belong to the Provincial Governments, leaving an improved Revenue, for Imperial purposes, of Rx. 680,000. Then, on the Expenditure side, the expenditure on the Army has been Rx. 400,000 more than was anticipated. The other heads, besides that of the Army, have altogether improved to the extent of Rx. 504,000, of which Rx. 202,000 belong to the Provincial Governments, leaving a net improvement on these other heads of Rx. 302,000. Altogether, the expenditure has been worse than was anticipated by Rx. 98,000; therefore, on the whole, taking into account the increase of Revenue and the increase of Expenditure, there has been a net improvement of Rx. 582,000, which will turn the surplus of Rx. 62,110, shown in my statement, into a surplus of Rx. 642,110."

But against this last figure the Special Defences expenditure was afterwards charged. See footnote under paragraph 11.

(b) Before deduction of Special Defences expenditure.

(c) After deduction for Special Defences expenditure. See footnote under paragraph 11.

Estimate of Rx. 35,736,100. Under other heads there is very little difference from the Revised Estimate, and the only case which calls for any remarks is the small excess of expenditure in England, which is due to some unexpected military charges. A complete account of the differences, and of the accounts generally, will be found in the Appropriation Report of the Comptroller and Auditor General, published in the "Gazette of India" of 24th March.

7. There is, apparently, a large difference under the head of "Adjustment of Provincial Expenditure," but it requires no separate explanation, as it is really the outcome of the large excess of revenue, which has already been alluded to, and which amounts, as just stated, to Rx. 1,255,911. Now, although the expenditure is distributed between Imperial and Provincial according to its class, so that some kinds of expenditure are Imperial and some are Provincial, the division of the revenues is quite different; Imperial and Provincial share, in definite proportions, the same revenues. Accordingly, the improvement of revenue by Rx. 1,255,911 was distributed between the Imperial account, which received Rx. 731,465, and the Provincial account, which received Rx. 524,446. According to the Revised Estimates, the Provincial expenditure was to be met as follows:—

To the extent of the Provincial revenues of the current year.	Rx. 20,623,600
By drawing upon balances charged off the Revenues of former years.	577,300
Total Provincial expenditure as above -	21,200,900

But by the improvement of their share of the revenue they not only met the whole of their expenditure out of their current year's revenue, but were able to lay by a small amount of Rx. 35,665. In other words, their account stood thus:—

Total Provincial expenditure (slightly less than estimated).	Rx. 21,112,381
Provincial revenues, Rx. 524,446 better than estimated.	21,148,046

And the general revenue account therefore, instead of having to be relieved by the charge of Rx. 577,300 to past accumulations, had to be charged first with the whole of the expenditure, and then with the write-off of the further addition of Rx. 35,665 to these accumulations.

8. The two matters that require explanation are therefore the better revenue in India of Rx. 1,255,911, and the excess expenditure in India of Rx. 445,526.

PRINCIPAL REVENUE HEADS.

9. Of the excess of revenue the explanation is that the revenue of the month of March 1887 was altogether exceptional.

The estimate of our principal revenues, which was published on 26th March 1887, was as usual a statement of 11 months' actuals (April to February), and an estimate for the remaining month of March. There are difficulties in estimating for the month of March which I shall afterwards explain; and the revenue of March 1887 certainly altogether exceeded our anticipations. The consequence was that, in publishing, one month after the Budget Statement, the usual monthly statement of accounts ("Gazette of India" for 30th April 1887), we

showed the following large excesses of revenue over the Revised Estimate. I append, for purposes of comparison, the actual figures as now made up:—

(In thousands of Rx.)	Budget Statement of 26th March 1887.	Monthly Statement of 26th April 1887.	Actuals as now made up.
Land Revenue - - - - -	23,170	23,610	23,653
Opium - - - - -	8,900	8,950	8,943
Salt - - - - -	6,540	6,660	6,658
Stamps - - - - -	3,720	3,750	3,751
Excise - - - - -	4,270	4,370	4,375
Provincial Rates - - - - -	2,940	3,010	3,000
	49,540	50,350	50,380

The unusually high receipts of March, therefore, under the six principal revenue heads, account for Rx. 810,000 of the improvement of revenue. The greater part of this is under land revenue, where the receipts were Rx. 440,000 more than estimated. It may be noted that in the two months of March and April we collect more than Rx. 6,000,000 out of the year's revenue of Rx. 23,000,000; and a more or less favourable season, or a more or less active collection, may well make the portion of revenue which comes within March vary by half a million. The last two years have been exceptionally favourable, for, whereas the collections of March had never before exceeded Rx. 4,360,000, they came up to Rx. 4,730,000 in 1885-86; and in the next year, that now under discussion, they exceeded Rx. 5,000,000. In the same way the collections under excise were also nearly Rx. 40,000 higher than those of any previous March.

Besides this, Rx. 810,000 under the principal heads of revenue, the railway receipts showed an improvement of Rx. 210,000; and this improvement is also due to the active traffic which developed itself in the last month or two of the year.

ARMY EXPENDITURE and SPECIAL DEFENCE WORKS.

10. The improvement in the revenue figures calls for no further remark. We turn now to the excess expenditure in India of Rx. 445,526.

This is for the most part under two heads, namely—

	Revised Estimate.	Accounts.	Excess.
	Rx.	Rx.	Rx.
Special Defence Works - - - - -	(Charged to Loan Funds.)	123,110	123,110
Army Expenditure - - - - -	14,068,700	14,620,516	551,816

11. The first of these charges refers to a programme of military works for the defence of our harbours and of our frontiers, which was alluded to in paragraph 24 of the Financial Statement for 1886-87. The Secretary of State, at first, following the example of the fortifications scheme of Lord Palmerston, directed this expenditure to be shown outside the revenue account. But the ground on which this policy was adopted in England, namely, the practical certainty that the amount which has been procured in the first instance by loan will

will be paid off out of the surpluses of future years, unfortunately does not apply to our existing financial circumstances. The Secretary of State, accordingly, as was explained in the Financial Statement made to Parliament last September,* has revised this decision; and, while he agrees with the Government of India in thinking that for expenditure of the kind, we ought not to have recourse to any increase of taxation, he considers that the actual state of our finances is more plainly set forth by an account which charges this expenditure against revenue even at the risk of showing a deficit, than by one which might delude us into thinking we had a surplus of revenue, by leaving out of the reckoning this heavy, though temporary, unproductive expenditure.

12. As regards the Army expenditure, it was again, as in the case of the revenue, in the accounts of the month of March, that our Estimates were over-passed. The statement of account published on 26th April 1887, to which I have already referred, showed that for military expenditure there had been an issue of Rx. 13,000,000 from the treasuries, as against Rx. 12,700,000, the estimate we had made a month earlier. This excess expenditure was practically entirely in connexion with the operations in Burma, and mostly arose out of heavy claims presented and paid during March, after the date of the information on which the Estimates were based. The final excess, it will be seen, is still larger than the Rx. 300,000 then shown.

13. These figures, therefore, dispose of the Revenue Account of 1886-87. The Revised Estimate anticipated an equilibrium of expenditure and revenue. In the end, we gained by an excess of revenue, which, after deduction of the provincial share, gave the Imperial Accounts an improvement of Rx. 731,465; but, as we had against this an excess of Imperial expenditure of Rx. 445,526 (including special defences now first brought within the account), and also an excess in the charge for exchange, the surplus of Rx. 500 taken in the Revised Estimates was increased only to Rx. 178,427.

14. The capital expenditure upon railways and productive irrigation works fell slightly short of the anticipations of the Revised Estimates, namely:—

	Revised Estimate.	Accounts.
	Rx.	Rx.
Railways - - - - -	5,170,500	5,123,105
Irrigation - - - - -	631,000	547,379

SECTION III.—ESTIMATES, 1887-88 and 1888-89.

15. In the statement of the financial position which I made on 27th January 1888, I presented an abstract of our account in a form which I thought suitable for the explanations I had then to give. I showed that the position in the Budget Estimate of 1887-88 was a position of practical equilibrium. I showed that we had to face a loss of opium revenue of Rx. 300,000, and a falling off of railway revenue by Rx. 400,000; that the charge for exchange had increased by Rx. 720,000; and that we proposed to meet these by enhancing the salt duty (Rx. 1,725,000), by a duty on Petroleum (Rx. 65,000, since raised to Rx. 100,000), and by minor measures in Burma (Rx. 100,000).

The

* "Now, these special defence works consist of frontier forts and harbour defences. They are most essential to the safety of India, and the Government are obliged to push them on with the utmost possible expedition. But, as these works are not productive works, it is contrary to the principles on which Indian finance is conducted that the charge should be otherwise than one against Revenue, and there is no doubt that if there is Revenue, and if the Revenue will bear such charges, they ought to be charged against Revenue. No one can have any desire that extra taxes should be placed upon the people of India for the purpose of meeting charges of this kind, and the Secretary of State has no intention of suggesting to the Government of India that any such extra taxes should be imposed. As regards the charge for 1887, the Committee will remember that the surplus which I was able to announce in 1886-87 would be large enough to bear the charge in 1886-87 for these special defence works; and, therefore, it is the intention, if the anticipation be realized of the Secretary of State, to pay for the special defence works out of the surplus of 1886-87."

The result, I then estimated, would be to improve our financial position from equilibrium to a surplus of Rx. 470,000; or, more accurately, from a surplus of Rx. 17,000 to one of Rx. 487,000.

16. I reproduce below the same form of abstract account which I then made up, repeating in the first column the figures which I then gave as those of the Budget Estimates of 1887-88, and showing in the second column the same figures as they would stand after the losses and gains just summarized. As I have, for present purposes, no object in displaying the exchange charge separately, I have distributed it in the second column over the six heads which are affected by it. This second column, therefore, shows the general financial position as it was left after the measures which were then explained and which have now, except as regards excise in Upper Burma, been brought into operation:—

	Budget, 1887-88.	New Finan- cial Position, 27th January 1888.	Revised, 1887-88.	Budget, 1888-89.
	(In thousands of Rx.)			
Revenue Heads:				
Land Revenue - - - - -	22,937	22,937	22,983	23,091
Opium - - - - -	8,893	(d) 8,593	8,544	8,454
Salt - - - - -	6,604	(e) 8,329	6,723	8,122
Excise and Stamps - - - - -	7,942	(e) 8,012	8,351	8,464
Assessed Taxes - - - - -	1,406	(e) 1,436	1,417	1,452
Other Principal Heads - - - - -	6,345	(e) 6,410	6,538	6,629
TOTAL Principal Heads - - -	54,127	55,717	54,556	56,212
Railway Revenue Account:				
Net Earnings - - - - -	9,002	(d) 8,602	8,924	9,164
Deduct interest, annuities, and other charges - - -	-8,600	(e) -10,854	-11,078	-11,279
TOTAL REVENUE ACCOUNT - - -	54,529	53,465	52,402	54,097
Expenditure Heads, net:				
Interest - - - - -	2,753	(e) 3,856	4,770	3,852
Civil Expenditure (a) - - - - -	21,069	(e) 22,021	21,559	22,291
Opium Production - - - - -	2,505	2,505	2,512	2,555
Post Office, Telegraph, and Mint - - - - -	145	(e) 248	70	51
Irrigation - - - - -	753	753	777	823
Civil and Military Works:				
Imperial - - - - -	2,009	(e) 2,036	2,231	2,023
Provincial and Local (b) - - - - -	2,220	2,220	2,831	2,531
Army, Ordinary / - - - - -	16,187	(e) 17,765	17,930	18,223
Army, Burma Account - - - - -	720	720	1,550	824
Imperial Marine - - - - -	547	684	445	384
Famine Insurance (Irrigation) - - - - -	95	95	93	73
Railway Construction (charged to Revenue) - - -	75	75	82	44
TOTAL, excluding Exchange - - -	49,078	—	—	—
Add Exchange - - - - -	5,434	—	—	—
TOTAL Expenditure - - -	54,512	52,978	54,850	53,674
Surplus or Deficit, excluding Special Defence Charges -	+17	+487	-2,448	+423
Expenditure on Special Defences (f) - - - - -	464	750	569	1,121

17. I have added in this abstract, in the same form and in parallel columns, the Revised Estimates for 1887-88, and the Budget Estimate for 1888-89. The former should differ from our standard statement of 27th January last (*i.e.* the second column of figures) only by such special receipts and charges as we may

(a) Imperial Marine, which was included under this head in the statement of 27th January, is now separately shown below.

(b) Excluding the amount charged upon accumulated provincial Balances brought forward from former years.

(c) Increased revenue as above explained.

(d) Diminished revenue as above explained.

(e) The excess of the figures of the second column over those of the first column is the amount of the charge for exchange.

(f) Includes exchange.

may consider peculiar to the year itself, in the sense in which it may be said that the figures of any particular year necessarily differ, more or less, from what may be considered the general average financial position for that year. The Budget figures of 1888-89 should differ from the same standard in this respect, that, of the progressive revenues, we have one year's additional advance, and that, of so much of our expenditure as is progressive, we have also one year's additions.

BASIS OF REVISED ESTIMATES.

18. Before I proceed to explain these special features, I think it well to show exactly to what extent we can depend upon our Revised Estimates as representing the probable actual outturn of the accounts.

The date upon which our Estimates are presented to the public is practically determined by the provisions of Section 53 of the Act of 1858 "for the better government of India." This section prescribes that "the Secretary of State * * shall, within the first 14 days * * * after the first day of May in every year, lay before the Houses of Parliament an account for the financial year preceding that last completed, * * together with the latest estimate of the same for the last financial year."

Strictly speaking, the "latest Estimate" here referred to is one which we now prepare, about the beginning of December, on the basis of six months' completed accounts; but our methods of account are now so much more perfect than in 1858, and communication with England so much more punctual, that it is out of the question that we should present to Parliament in May an estimate founded on facts of no later date than the previous September.

We have, therefore, for many years past, arranged the preparation of our "Revised Estimate," so that it may be the "latest Estimate" presented to Parliament in the first fortnight of May; and this practically means that the Estimate must be completed some time in March.

19. By 20th March we have collected the preliminary accounts of revenue and expenditure for February, of which the leading figures, compiled from returns furnished by each of the 200 treasuries at which revenue is received and money issued for expenditure, are published every month in the Gazette. Thus, at the time of the issue of the Revised Estimates, we know, in very considerable detail, the receipts and expenditure of 11 months of the year; there remain only one month's actual transactions to be estimated.

20. Unfortunately this one month of March is by far the most difficult of estimate of any in the year. To the difficulty of estimating the receipts under Land Revenue I have alluded in paragraph 9, and the same thing occurs under other heads. Provincial rates are collected with Land Revenue, and there is the same uncertainty in their case, as in the case of Land Revenue, how much will come in in March and how much in April. We are in the heart of the rice-export season, and an early or a late season makes a great difference in the distribution between the current and the next financial year of the Rx. 700,000, which the duty each season brings into our treasury. Railways, of which the gross earnings average over Rx. 1,500,000 a month, are at their busiest time, and all public works expenditure is in its most active phase.

It is thus evident that a very full knowledge of the transactions of 11 months is not in itself an adequate equipment for making the Revised Estimate for the whole year. In practice, we make a moderate estimate only for the month of March, and, as the actuals of that month are apt to be better than our Estimate, the result, as in the case of the estimate of the year 1886-87, usually is that the accounts of each year give better results than the Revised Estimates.

21. The final results are known to us within moderate limits of error before the end of April (see paragraph 9 above); and, if our Revised Estimates could only be put off for one month later, and be closed on 20th April, instead of 20th March, we could present the account of the year with some assurance of its accuracy in all its main features. But, as already explained, the terms of the Act of Parliament practically forbid this course, and require us to close our estimates while the uncertainty of the month of March still hangs over us.

GENERAL COMPARISON OF REVISED WITH BUDGET.

22. The Revised Estimates for 1887-88 work out, it will be seen, to a deficit of Rx. 2,447,800, without reckoning the expenditure upon Special Defences, which, in the Budget Account, was charged to loan. This is worse than the Budget Estimate by Rx. 2,464,500.

23. The main differences we may account for at once under three heads—

First, the sterling charges for interest on debt have increased from 2,630,100 *l.* Budget, to 3,365,700 *l.* Revised, an increase which costs us, including Exchange, Rx. 1,059,000. This charge is really outside any consideration of our financial position, as it arises entirely through a special operation, which throws upon us the payment, within one year, of five quarters' interest upon 48 millions sterling of debt.

Secondly, the Burma military charges have, as I intimated in my statement of 27th January, largely exceeded the Budget Estimate. The excess, as will be seen from the Abstract Statement above given, is put down at Rx. 830,000, and will be explained in greater detail in the section relating to Army Charges.

Thirdly, there is the great loss by the fall in exchange, which I explained, on 27th January, to amount to about Rx. 710,000 upon expenditure included in the Budget.

24. These three items, therefore, account for a deterioration in our accounts of Rx. 2,599,000; so that, apart from these three causes, we have on the whole an improvement over Budget by Rx. 135,000.

This, as usual, is the balance of several losses and several gains. On our principal Revenue accounts, it will be seen, if reference be made to the statement in paragraph 16, we have received Rx. 54,556,000, against an estimate of Rx. 54,127,000, as the gain under Salt, Excise, Stamps, and other heads, has more than covered the loss of Rx. 349,000 under Opium. Salt has given us Rx. 119,000 (as we have probably lost as much during February and March, by the temporary disturbance of trade, as we have gained by the enhancement of duty). Excise and Stamps contribute Rx. 409,000, and Customs have been very productive, giving a return of Rx. 114,000, in excess of Budget.

The Railway account is worse than Budget by Rx. 302,000, for both the net earnings have fallen off by Rx. 78,000, and the charges against them have increased, quite apart from any question of exchange, from Rx. 10,854,000 to Rx. 11,078,000.

On the other hand, there have been savings or excess receipts, under several of the heads which, in the abstract statement, we have grouped as Expenditure heads. Among these we may note particularly an increase of Telegraph receipts of Rx. 131,000, which must for the most part be put down as a set-off against the excess of expenditure in Upper Burma, where the Telegraph charges of Public Departments are very high.

The enumeration of other smaller differences may be summed up in saying that, while we have found it necessary, during the course of the year, to make additional grants for expenditure in Upper Burma, for Irrigation, for Army charges, and for Political Expenditure, and in a few other matters, we have, on the whole, obtained, under other heads, sufficient savings to meet the charges so involved.

GENERAL REMARKS ON BUDGET ESTIMATES FOR 1888-89.

25. The Budget Estimates will be best explained by comparing the figures with the standard financial position as explained on 27th January, that is, by a few words of remark in comparison of the second and fourth columns of the statement in paragraph 16.

26. The first question we have to settle, in casting up the Budget figures is the rate of exchange at which they are to be taken. That rate has been singularly

singularly steady throughout 1887-88, rarely less than $16\frac{3}{4}$ *d.*, and rarely higher than 17 *d.* It is certain that, upon Council Drawings of 1887-88, the exchange will be very close to $16\cdot9$ *d.*, or, putting it in the way that more nearly explains its effect upon our accounts, the Exchange charge will be as nearly as possible Rx. 42 per 100 *l.* The rate has dropped for the moment since the beginning of March; but the drop seems to be, partly at least, connected with the heavy drawings of the last month or two, and, as drawings will be on a smaller scale in 1888-89, we may reasonably hope to realise, on the whole, a rate equal to that of 1887-88. We have, therefore, reckoned the Exchange in the Budget Estimates at Rx. 42 for every 100 *l.*

The comparison of the second and fourth columns is, therefore, not affected by any difference in the rate of exchange.

27. The result, it will be seen, works out to a surplus only a little different from that which we anticipated; that is, to put matters from the point of view stated in paragraph 17, the one year's increase of revenue nearly covers the one year's increase of expenditure. In one respect, the year 1888-89 falls a little short of the standard we have established, for we do not, in that year, fully come up to our new standard of enhanced salt revenue. In Opium, too, we anticipate a smaller standard of revenue than in January last; but the revenue under Excise and Stamps and other heads is already sufficiently far advanced, beyond our standard, to cover these deficiencies, and give us, on the whole, an improvement of Rx. 495,000, under our principal revenue heads.

28. In the Railway Account, the estimates are moderately taken. We estimate for better earnings, but the charges against them equally advance, and we have a net excess outgoing of Rx. 2,115,000 against Rx. 2,252,000 of our standard account.

29. With the exception of the Army charges, the Expenditure heads are estimated at amounts not greatly differing from the standard of expenditure, for which we explained in January that we had to provide. The increase of Civil Expenditure is, on the whole, only one per cent. The heads of Post Office, Telegraph and Mint, we are warranted, by the figures of the current year, in putting down at a considerably lower figure of net charge than the Budget Estimates of 1887-88. The grants for Imperial Civil and Military Works have been cut down, as far as possible, to meet the existing financial necessities. Provincial Civil Works show an increase, the necessary result, under the provincial system, of the share of increase of revenue which falls within their account.

30. The main increase under the Expenditure heads comes under the head of Army, where, without reckoning the extra expenditure in Upper Burma, the net outgoings are estimated to increase from Rx. 17,763,000 to Rx. 18,223,000. This increase of expenditure cannot at present be avoided; it is a matter in which, for the time, financial considerations must of necessity yield to the more pressing requirements of the military position. The estimates of extra military expenditure in Burma are placed at a much lower figure than the actual charges incurred in 1887-88. Certain special causes of increased expenditure, which were present in 1887-88, are not likely to repeat themselves in 1888-89, and measures are being taken to reduce the scale of expenditure on the force serving in Upper Burma.

31. Having completed this more general review, I pass on to an examination of the main heads of Revenue and Expenditure set forth in the statement in paragraph 16 above.

LAND REVENUE.

32. The figures of Land Revenue show considerable irregularity when they are made up by the financial year, as will easily be understood from the circumstances stated in paragraph 9. But, if the accounts are made up by the 12 months ending September, so as to close at a time when the collections of one

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season are for the most part finished, and those of the next not yet begun, the figures present a more regular appearance, and show a steady advance of revenue year by year.

LAND REVENUE during the Twelve Months ending 30th September.

(In thousands of Rs.)	1881.	1882.	1883.	1884.	1885.	1886.	1887.
India - - - - -	99	91	88	96	110	110	116
Central Provinces - - - - -	608	609	612	613	613	615	619
Burma - - - - -	1,036	1,060	1,099	1,166	1,133	1,137	1,222
Upper Burma - - - - -	-	-	-	-	-	39	235
Assam - - - - -	385	379	396	404	410	420	401
Bengal - - - - -	3,687	3,880	3,801	3,680	3,915	3,799	3,736
North-Western Provinces and Oudh.	5,653	5,848	5,782	5,769	5,809	5,784	5,798
Punjab - - - - -	2,112	2,099	2,075	2,058	2,153	2,157	2,146
Madras - - - - -	4,777	4,556	4,721	4,779	4,492	4,807	4,864
Bombay - - - - -	3,119	3,095	3,083	3,407	3,316	3,342	3,373
TOTAL - - - - -	21,476	21,617	21,657	21,972	21,951	22,210	22,510
<i>See Note - - - - -</i>	<i>665</i>	<i>694</i>	<i>677</i>	<i>676</i>	<i>734</i>	<i>811</i>	<i>880</i>

The figures in the lowest line are the alienated Land Revenue of Bombay, which, in the system of accounts of that province, are added on the Revenue side, and charged again as expenditure under Assignments, Land Revenue, and Police. The amounts are neglected in the statement itself.

It will be remembered that a portion of the total receipts of Land Revenue is in the accounts shown under the separate head of Irrigation.

33. Although the growth of revenue shown in the above figures has been very steady, it can hardly, from a financial point of view, be said to be satisfactory in amount. It has been less than one per cent. a year, and is on the whole a poor return for the money which Government has spent, in the form of railways and of canals, in improving its estate.

But the fact is that the period covered by the above statement represents, in a general way, the close of the 30 years' settlements in several of the provinces, and the Government is only now beginning to reap its share in the advance of the past two or three decades. Settlement operations are at present being carried on on a more extensive scale than at any previous time, and we have every reason to expect a handsome increase of revenue under this head.

New Settlement System.

34. During the last few years (and in a great measure in preparation for this re-settlement of revenue) a very great improvement has taken place in Northern India in the administration of this important head of revenue, and in the means adopted by the Government to assess and settle from time to time that share of the produce of the land which has in all ages been the main source of the revenue of the sovereign powers in India.

As no systematic review has recently been published of the position and prospects of this our most important head of revenue, I propose to take up the subject in some detail, both from an administrative and from a financial point of view, the materials having been supplied to me by Sir Edward Buck, the Revenue Secretary to the Government of India, to whom personally is due by far the largest share of the credit of the improvements effected.

35. The system of land-assessment has hitherto, in every Province, involved the complete survey, field by field, of every village; an operation which was rendered necessary by the absence of correct maps at the commencement of the 30-year period. The object of the system now introduced is to preserve,

preserve, and to correct up to date, the records upon which the surveys and settlements are based, so that the re-settlements, when they fall due, may be made upon existing records, and may not require an elaborate investigation *de novo*. The maps which have been provided by the great cadastral survey which has now almost drawn to an end, are in future to be corrected up to date from year to year by permanent establishments in which the patwáris or village accountants occupy the most important place. In the same way the settlements now being completed have involved a complete revision of all records-of-rights including details of the occupancy of every field, and these records, like the maps, are in future to be maintained from year to year by the permanent establishments. The assessment included also the valuation of the soil and productive powers of every field; but the valuation made during the past 30 years will in future revisions of settlement be accepted without material alteration. Three important elements of expenditure have thus been eliminated from future settlement operations, *viz.*, the cost of periodical field surveys, of revisions of records-of-right, and of soil valuations. The introduction of the new system is made possible both by the more complete maps and records which have been supplied by the operations of the past 30 years, and by the creation of Agricultural Departments which are permanent Departments of Survey and Settlement.

36. An examination of the cost under the old and new systems has recently been made in pursuance of the inquiries of the Finance Committee, with the object of ascertaining the financial effect of the new arrangements and the probable cost of future settlement operations. This investigation is not complete, but it points to a maximum expenditure, in future, of R. 100 a square mile, including the cost of additional establishment, and in some Provinces to a considerably lower figure. The comparative results are shown in the following table, in which a maximum rate of R. 100 is applied to all provinces :—

PROVINCE (excluding Assam).	Rate per Square Mile under the old System at Rates recently Prevailing	Average Expenditure per Annum at Rates in Preceding Column.	Average Expenditure per Annum at the Maximum Rate of R. 100 per Square Mile.
	R.	Rx.	Rx.
North Western Provinces and Oudh - - -	250	115,000	30,000
Punjab - - - - -	200	50,000	25,000
Central Provinces - - - - -	220	35,000	15,000
Bengal - - - - -	350	17,500	5,000
Madras - - - - -	440	70,000	15,000
Bombay - - - - -	260	65,000	25,000
TOTAL - - -	303	352,500	116,000

showing an ultimate annual saving of Rx. 236,500.

The above table is based on an estimate of the maximum cost which may be incurred in the revision of assessments when the new arrangements have been completely established. In the meantime some saving has been already made by their partial introduction, and by measures which have recently been taken to accelerate the current revisions of settlement. Under the programmes which have been arranged in recent conferences with the local authorities, there has been effected a saving either in the expenditure on survey and settlement, or in the more punctual recovery of increments of new revenue, which, in three Provinces—the Central Provinces, Punjab, and Madras—is estimated at a gross amount of Rx. 2,000,000 during the next ten years, or an average of Rx. 200,000 a year during the next decade. In these and other Provinces the new increments of Land Revenue to which the Government is entitled will henceforth be assessed and collected up to date, while hitherto they have in many cases come into force only several years after the date of the expiry of the old settlement.

37. The general growth of the Land Revenue is exhibited in the following table:—

TABLE showing Growth of LAND REVENUE (including Permanently-settled Tracts).

(The Figures are Thousands of Rx.)	Receipts, 1856-57.	Receipts, 1870-71.	Average annual Growth (14 Years).	Percentage of Increase (14 Years).	Receipts, 1886-87.	Average annual Growth since 1856-57 (30 Years).	Percentage of Increase (30 Years).	Receipts, 1890-91 (Rough Estimates).	Average annual Growth since 1870-71 (20 Years).	Percentage of Increase (20 Years).
North Western Provinces -	3,920	4,130	15	5	4,390	16	12	4,560	21	10
Oudh - - - - -	970	1,320	25	36	1,410	15	45	1,470	7	11
Punjab - - - - -	1,840	1,970	10	7	2,150	10	17	2,210	12	12
Central Provinces - -	570	600	2	5	620	2	9	650	2	8
Bengal - - - - -	3,540	3,760	16	6	3,740	7	6	3,800	2	1
Madras - - - - -	3,800	4,400	43	16	4,860	35	28	4,900	25	11
Bombay (a) - - - - -	2,150	2,950	57	37	3,370	41	56	3,450	25	17
Assam - - - - -	80	210	10	162	400	11	400	420	10	100
Lower Burma - - - - -	410	600	14	46	1,220	27	197	1,230	31	105
Minor Provinces - - -	20	20	-	-	120	3	500	120	5	500
	17,300	19,980	190	15	22,280	166	29	22,810	142	14

(a) Excluding Alienations.

The figures show actual collections both of Land Revenue and of miscellaneous items classed as Land Revenue, *e.g.*, sale-proceeds of waste lands; water-rates in Madras; nominal revenue assessment on lands assigned for service in Bombay; capitation-tax and receipts from fisheries in Burma and Assam.

38. Three periods are taken, *viz.*—(1) the first 14 years after the mutiny, during which the growth was at the rate of Rx. 190,000 a year; (2) a period of 30 years from the mutiny to the present time, during which the growth was at the rate of Rx. 166,000 a year; (3) a period of 20 years (partly estimated) from 1870-71 to 1890-91, during which the growth is at the rate of Rx. 142,000 a year.

39. It will not fail to be seen that, while the 14 years preceding 1870-71 showed an annual increase of Rx. 190,000, the rate of increase in the 20 succeeding years has averaged only three-fourths of this. The reasons for this are, that the first period was, in many parts of India—Oudh and Orissa, for example—a period of active re-assessment and settlement, and that therefore, during the second, there was less of the growth of revenue which comes in from settlement operations; that a large accession of land revenue occurred after the mutiny in consequence of confiscations; and finally, that there was, between 1860 and 1870, a rapid increase in the cultivated area of the provinces of Bombay and Madras, in which the system of land-settlement is such that newly-tilled land comes under annual assessment, and in which the demand for cotton during the American war gave a powerful impulse to cultivation. On the other hand, a corresponding check to cultivation occurred in the same Provinces during the last of the three periods in consequence of the drought of 1877-78.

40. Notwithstanding these causes of exceptional growth in the beginning of the post-mutiny period, it may reasonably be expected that the capital outlay which the Government has recently devoted to irrigation and railways will, during the next few years, bring to it a larger return from the land, by reason of the great improvement of its produce, both in quantity and value, by the agency of canals, and the opening-out of communications. In these accessions to the landed income of the State strict regard will be had to the principles which have invariably been followed by the Government of India in the assessment of the land, its guiding policy having always been the lenient consideration of the proprietary classes. During 30 years of peace and progress, the rentals of tenants have, through the cultivation of new fields or the imposition of new rents by landlords, been continually expanding, and, in some of the most fertile areas of India, the landlords themselves have, without the intervention of the Government,

Government, materially enhanced the rent paid to them, while at the same time that proportion of it paid by them to the State has been continuously reduced to lower and more definite limits. In the same way, a lenient consideration is extended to the agricultural community in Provinces where the cultivators or cultivating proprietors are assessed by the State itself, so that in these also the percentage of produce paid as land revenue has been constantly decreased.

The growth of land revenue, therefore, which is to be anticipated will be a growth due to that peace and prosperity which directly spring from a lenient and careful administration, rather than to any direct action of the Government in the direction of raising rentals.

A brief review of the position in each Province will now be given.

Review by Provinces.

41. *North-Western Provinces.*—The old system comes to a final end within the next two years. The greater part of the province is held by tenants on small holdings of a few acres paying rent to landlords who are charged with a payment of 50 per cent. of their assets to Government. The advanced condition of the Province led the Secretary of State to inquire, so long ago as 1863, whether a permanent settlement could not be introduced; but a final consideration of the subject between 1882 and 1884 ended in the adoption of the system already described, under which annually revised maps and records are made the basis of assessment.

The rate of growth of land revenue in the North-Western Provinces since the mutiny year has, however, been moderate. In the first 14 years it was only 5 per cent. (say .35 per cent. per annum), but it has in the current period of 20 years risen to 10 per cent. or .5 per cent. per annum. There was in the North-Western Provinces less room for extension of cultivation than in most parts of India. Lying mainly in the fertile alluvial plain between the Himalayas and the high lands of Central India, the Province attracted a large population at an early historical period, and it was at the period of the mutiny highly assessed. But the large amount of State capital spent since that time in the form of railways and canals, and the contemporaneous rise of prices has given a fresh impulse to agricultural wealth, and the Province is now in many districts as lightly, as it was formerly heavily, assessed. A considerable amount of relief was given at the commencement of the thirty-years period of settlement now expiring, by the reduction of the standard of the State demand from 66 per cent. of assets to 50 per cent.—a change which was, however, somewhat counterbalanced by the high valuation of assets made under the rules which governed the operations of the Settlement Officers. The relief is now made complete by the elimination of soil valuation from the assessment system, which, except in cases of suspected fraud, requires that the recorded assets should be accepted as a basis of assessment. Rentals are in many districts still growing at a rate of about 1 per cent. per annum, and in certain tracts the growth is likely to be so great that, even under the lenient system now adopted, some difficulty may be anticipated in taking the Government quota in full at the next settlement from the landlords, on account of the large and sudden increase which would be involved in such an assessment.

42. *Oudh*, with the exception of a closely-populated tract between Lucknow and Benares, came under much later development than the North-Western Provinces. Its revenues were not, until after the mutiny, brought under the effective administration of the British Government, who applied to it the same system of settlement as that which prevailed in the North-Western Provinces. The tenants of Oudh have less positive rights than those of the adjacent Province, as in the latter the greater number are more securely protected by statutory rights against unlimited enhancement of rent. There is, therefore, a prospect of a larger growth of rental, and also of revenue, in Oudh than in the North-Western Provinces. The land is rich, the climate favourable, and, although since 1860 the extension of cultivation has been very large, considerable areas still remain to be brought under the plough. Competition for the land is likely to increase, and with it the enhancement of the rents by the landlords, who have in Oudh practically a free hand. The development of the Province under British rule has been very great, and is still, with the extension of railways, progressing at a rapid rate. The Province will come under re-assessment on the new or economical system, between 1892 and 1906.

43. In the *Punjab* there is a large proportion of dry sandy soil which is only capable of development under the influence of irrigation. Subsoil water is generally too far from the surface for wells, and the growth of revenue depends mainly on the expenditure of State capital on canals. The revenue-payers are for the most part cultivating proprietors paying direct to Government, no part of the produce being intercepted by middlemen. A large amount of State capital has been in recent years invested in the Province in railways and canals. Under these circumstances the growth of the land revenue, which has since the mutiny been slow, should now progress at a rapid rate.

The revision of settlement has, under the old system, involved, as in the North-Western Provinces, a high rate of expenditure and protracted operations, but only a very few districts now remain to be completed under that system, and measures have recently been taken to expedite their assessment. The whole Province will then come under the operation of the new rules which require the settlement to be based on annual maps and records.

44. The *Central Provinces* have shown a very small development of land revenue since the mutiny. They have been to a great extent cut off from the railway system, and have at the same time been lightly assessed. The revision of settlement takes place during the current decade, commencing with the first year of the present Provincial Contract, 1887-88, and it is estimated, after nine years, to yield an increase of Rx. 180,000. Owing to the backward state of the Province, the low rates now paid to Government, and the new development of the railway system which is taking place, it has been determined to make the new settlements for terms varying between twelve and twenty years, so that the re-assessment of the Province will recommence shortly after the termination of the existing revision.

The revision of settlement is being made at present partly on the old and partly on the new system, but at a low cost not exceeding 100 rupees a square mile. The same necessity for a complete series of maps and records has existed in this as in other provinces, but, owing to the circumstance that the revision of annual records was commenced, with the creation of the Agricultural Department, five years before the old settlements began to expire, there has been more time than elsewhere to utilize the village and district establishments in the work of preparing for settlement. Arrangements were made under which a large number of parties of the Survey of India have covered the surface of the Provinces with a network of triangulation available both for topographical and revenue purposes. These are filled in by the village officers under the supervision of the local revenue officers, and they provide sufficiently good maps as a basis for future revisions of assessment. The revision of the record is also primarily effected by the permanent establishments, leaving only the valuation of soils and general supervision to be effected by a special staff. At the close of the present revision, nine or 10 years hence, the new system will be introduced, and the cost be brought considerably below the new maximum of 100 rupees a square mile.

The land is held, as in the North-Western Provinces and Oudh, by cultivators of small holdings paying rent to proprietors from whom the Government takes revenue. But, whereas in those Provinces the landlords have the power, which is freely used, of raising rents contemporaneously with increase of competition and rise of prices, they have no such power in the Central Provinces. The growth of rent and, therefore, of revenue entirely depends, except in land newly taken into cultivation, on the periodical assessments of rent made by the Government at the time of settlement. The existing rents are, in most parts of the Province, an unusually small fraction of the total value of the produce; while, in consequence of the rising prices due to the extension of the railway system, the disproportion is continuously becoming greater. The area of culturable land still to be brought under the plough is exceptionally large. The Province is one, therefore, from which a material growth of land-revenue may be looked for.

45. Thus far the Provinces dealt with are those popularly known as the "temporarily-settled zemindari" or "landlord" provinces. I will next refer to *Bengal*, which is recognised generally as a "permanently-settled landlord province." But there are in Bengal not less than about 14,000 square miles which belong to the temporarily-settled landlord class, and of which the old settlements will shortly fall in. In respect of this tract, preparations are now being made
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for punctual assessment on much the same plan as in the Central Provinces, and at equally moderate rates of cost, by the Agricultural Department of the Province.

The area in question comprises large tracts in Orissa and Chittagong, and several Government estates. It will hereafter come entirely under the new system. An increment of land revenue of 20 per cent. would in this area be equivalent to a fixed addition of 10 lakhs a year to the annual demand.

46. The Province of *Madras* must be divided into sections, the permanently-settled zemindari or landlord area, and the temporarily-settled ryotwari or tenant-proprietor area. The first is about 48,000 square miles, and the second about 93,000 square miles, or roughly one-third and two-thirds, respectively. The settlement on the old system, which required a complete series of field maps and a valuation of soils, is now drawing to a close, and is being hastened by assistance lent to the local Survey Department by the Government of India. In a few years the whole Province will, in accordance with the intention which for some time has been declared by the Madras Government, be permanently relieved of special Settlement and Survey establishments.

The growth of land revenue in the tenant-proprietor tracts takes place in two different directions. There is the periodical growth due to the increase of rent-rates at the end of every 30 years' period, and the annual growth due to the gradual increase of the area brought under cultivation. For in Madras all tenant-proprietor waste land has an annual rate attached to it at the time of assessment, which is applied and collected whenever the land is occupied. The periodical growth (that is, the increase of rates between the last settlement and the one now being completed) is roughly estimated at from five to seven per cent., and the annual increment due to increased cultivation at Rs. 10,000 per annum. The rate of increase under this latter head will necessarily fall off as less land becomes available.

47. In *Bombay* the same general conditions prevail as in the ryotwari or tenant-proprietor area of Madras. The growth rate, however, is not checked by the presence of permanently-settled land, and has, as in the temporarily-settled section of Madras, a double growth, the one being due to the periodical increase of rent-rates every 30 years, and the other to the annual occupation of fresh land at the revenue-rates which were attached to it at settlement.

The whole Province has in recent years undergone a thorough and searching revision of assessment which is now drawing to a close. This revision has been in the hands of a separate Survey Department, which will within five or six years be gradually broken up and absorbed in the new establishments, and the Province will then come permanently under the new system. It may be noticed here that both in the Madras and Bombay Presidencies the holdings or small farms of tenant-proprietors have had their boundaries fixed once and for ever by the Survey Department, and that instead of, as in other provinces, the map requiring annual revision in order to keep it in accord with changing boundaries, it is here necessary to maintain the boundaries in accordance with the map as originally made. This duty, as well as that of the maintenance of the statistical record, is on the close of settlement operations in each district made over to the Agricultural Department.

The growth of land revenue has been more satisfactory in Bombay than in any Province. It began in a marked degree with the impetus given to cotton production at the time of the American War, and has been continued under the influence of rising prices, extended cultivation (and in Sind, extended irrigation), supplemented by a careful system of assessment.

48. In *Assam* the very backward state of the Province, and the absence of communication with the seaboard in the years immediately succeeding the mutiny, have made the growth of revenue in the latter years appear to be exceptionally rapid. A part of the Province (about 9,000 square miles) is, however, under the permanent settlement system of Bengal, and the growth of revenue depends on the remaining area, which is temporarily settled, chiefly with tenant-proprietors at rates which are practically fixed, as there is hardly any competition for land on account of the great extent of waste area which can be taken up. The most fully-occupied portion has been revised on the system employed in other temporarily-settled Provinces, and this revision is nearly completed. The remainder

will probably be surveyed and settled on a cheaper system under the direction of the Agricultural Department, and the whole Province will thereafter come under the new arrangements. As in Bombay and Madras, there is an annual growth (estimated at from Rx. 8,000 to Rx. 10,000 per annum) which is almost solely due to new occupation, as there is here no periodical growth due to increase of rates.

49. *Lower Burma* has been undergoing for some years a regular revision of settlement, of which about one-fifth, or nearly 10,000 square miles, is completed. Each district, when it leaves the settlement officer's hands, is made over to the permanent care of the Agricultural Department, which will henceforward be responsible for maintaining the maps and records. The land is held by tenant-proprietors, and there is again in this Province a double growth due to annual increase of occupation and to periodical increase of rates. The annual assessments are complicated by the release of all fallow land from payment of any but a nominal revenue, but there is a steady extension of cultivation which, supplemented by the effect of a careful survey and assessment, has resulted in a growth of from two to three lakhs a year on a comparatively small total revenue. Lower Burma is practically a large rice field formed by the alluvial deltas of the river systems, and at present it yields only one per cent. of other produce. About 37,000 square miles, or 84 per cent. of its cultivable area, are still uncultivated, and there is room for further growth both by extension of cultivation and by the improvement of the agricultural system through the introduction of other crops. The soil is rich.

50. *Upper Burma* is composed of high lands, the agricultural value of which is under examination. The land revenue is, like that of all border Provinces on first occupation, initially small; but there is an equal promise of the same steady growth in the future which has taken place elsewhere.

51. The increase of revenue in minor Provinces under the direct control of the Government of India is mainly due to the re-assessment of the little district of Ajmir and the addition of Quetta.

OPIUM.

52. The following are the statistics of opium for a few years past:—

	1881-82.	1882-83.	1883-84.	1884-85.	1885-86.	1886-87.	1887-88 Revised.
	(Thousands of Rx.)						
REVENUE—							
Bengal sales - - - -	7,465	6,890	6,804	6,052	6,296	6,147	6,034
Bombay duty - - - -	2,185	2,300	2,508	2,538	2,449	2,503	2,297
Excise and Miscellaneous -	212	214	245	226	197	213	213
TOTAL - -	9,862	9,500	9,557	8,816	8,942	8,943	8,544
EXPENDITURE—							
Cultivation and Manufacture in Bengal.	1,931	2,156	1,722	2,828	2,914	2,593	2,273
Agency establishments and other expenditure.	127	127	133	139	144	136	139
TOTAL - -	2,058	2,283	1,855	2,967	3,058	2,729	2,512
STATISTICS—							
Price in Bengal - <i>Rupees</i>	1,324	1,222	1,250	1,296	1,295	1,123	1,059
Chests paid duty in Bombay	31,196	36,327	38,586	39,039	37,677	39,745	35,374

53. During this period there has been a steady downward tendency in prices to Calcutta the exception in 1884-85 being due to the fact that in that year the number of chests offered for sale was much smaller than it had been for several years before, or has been since. The price during 1886-87 fell from 1,180 rupees in the beginning of the year to 1,098 rupees at the end of it, the fall being due

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in a large measure to the operation of the additional article of the Chefoo Convention, which came into force on 1st February 1887, and added to the burden which the opium had to bear at the Chinese end of its voyage.

The same influence continued to operate in 1887-88, for the price gradually ran down to 1,029 rupees in September. Since that date, however, there has been a recovery, the price having risen to 1,067 rupees in February, though it dropped again to 1,042 rupees in March. This gives an average of 1,059 rupees for the whole year. For next year we take what we hope is a moderate estimate, reckoning the selling price no higher than the March figure of 1,042 rupees, and assuming for the present that there will be no alteration in the number of chests brought to sale. This gives us, for the Budget Estimate of Bengal sales, Rx. 5,939,000.

54. The expenditure upon the production of Bengal opium is a very variable quantity, and depends very largely upon the season. We have lately had seasons which are almost too favourable from a financial point of view, for, beyond the necessity of our maintaining a sufficient reserve against bad seasons, it is not to our advantage to produce more chests of opium than we can well dispose of. In 1882-83 the production was as low as 38,214 chests, but in the three succeeding years we have got 65,993, 64,930, and 64,500. The year 1887-88 is estimated to produce 58,814, which must also be taken as a fairly good season, and it has cost us only Rx. 6,600 more than the Budget Estimate of Rx. 2,500,000. For next year we take a good average, and put down the cost at Rx. 2,555,000.

55. The Revenue from Bombay opium is not so directly affected as that of Bengal by the additional burden of taxation on the China side. Since 28th June 1882, the duty has been 650 rupees per chest, and the amount of export has been very steady. The high figures of 1886-87 are no doubt due to the rush at the end of that year to get chests landed before the Chinese duty of 110 taels came into force; for it was followed by a considerable lull in the beginning of the year 1887-88. The export, however, has been more active during the later months of 1887-88, and, reckoning up to 3rd March, the number of chests that had passed the scales was only 64½ less than the amount in 1885-86. But about that date a portion of the Malwa crop was severely damaged by a storm, and the merchants immediately held back their opium in expectation of higher prices, so that during the week ending 10th March only 80 chests came forward against an average expectation of 1,000. Later accounts are more favourable; but, on the whole, we estimate for a somewhat lower duty than that of 1885-86.

SALT REVENUE.

56. The following may be taken as a statement of the average supply of salt in India :—

	Maunds:
Northern India salt sources (mainly the Sambhar Lake and the Mayo Salt Mines).	7,200,000
Bengal—Imported by sea - - - - -	10,300,000
Madras—Local manufacture, all along the coast - - -	7,800,000
Bombay—Local manufacture, chiefly near the Rann of Catch	6,300,000
	31,600,000
Burma—Mainly imported by sea - - - - -	1,600,000
TOTAL - - - - -	33,200,000

57. Before 19th January 1888 the rates of duty were two rupees in Continental India, and three annas in Burma, and on that date they were raised

raised to 2-8 rupees and 1 rupee respectively. At these rates the Salt Revenue would stand as follows:—

	Before 19th January.	After 19th January.
	Rx.	Rx.
Duty in Continental India - - -	6,320,000	7,900,000
Duty in Burma - - - - -	30,000	160,000
Other Receipts - - - - -	300,000	300,000
TOTAL - - -	6,650,000	8,360,000

The actual Salt Revenue of 1886-87 was Rx. 6,657,600, and, as I mentioned in my statement of 27th January, the consumption of the current year was only slightly in advance of that of 1886-87.

58. There are two reasons why we cannot expect to gain, at once, the higher standard of Revenue above noted as that corresponding to the higher rate of duty. In the first place, by the operation of Section 37 of the Sea Customs Act, all salt which was at sea and as yet unlanded, will continue to pay the lower rate of duty. This would cost us in Bengal, at the ordinary rate of importation, the amount of the enhanced duty on about 2,000,000 maunds in 1887-88, and 500,000 maunds in 1888-89, say Rx. 100,000 in 1887-88 and Rx. 25,000 in 1888-89. Besides this, stocks will for some time be allowed to run down, and the higher-taxed salt will have to wait for a little till the lower-taxed salt, now in stock, has passed into consumption; the deliveries of the month of February have, for this reason, been unusually low. Taking these circumstances into consideration, we have estimated to obtain a revenue of only Rx. 6,723,100 in 1887-88 and Rx. 8,122,500 in 1888-89. For the full measure of the enhanced revenue, we shall have to wait till 1889-90.

Effect of enhanced Duty.

59. The following statement gives the retail prices of salt in the different provinces of Bengal at the end of the two fortnights preceding and the two fortnights succeeding the increase of the duty:—

	2nd half of December 1887.	1st half of January 1888.	2nd half of January 1888.	1st half of February 1888.	2nd half of February 1888.
	Rupees per Maund.				
Central Provinces - - -	3·80	3·83	4·33	4·40	4·44
Burma - - - - -	1·71	1·74	1·93	2·0	2·09
Assam - - - - -	4·23	4·20	4·63	4·65	4·78
Bengal [West] - - - - -	3·15	3·17	3·61	3·61	4·09
„ [Central] - - - - -	3·42	3·47	4·03	4·17	4·41
„ [East] - - - - -	3·60	3·60	4·02	4·09	4·40
„ [Behar] - - - - -	3·37	3·38	3·89	3·95	4·20
„ [Orissa] - - - - -	3·19	3·19	4·21	4·10	4·13
North-Western Provinces - -	3·30	3·41	3·62	3·69	3·76
Oudh - - - - -	3·33	3·62	3·47	3·68	3·73
Punjab - - - - -	2·82	2·82	3·11	3·22	3·27
Madras - - - - -	2·89	2·92	3·27	3·33	3·36
Bombay - - - - -	3·13	3·19	3·55	3·54	3·47
Sindh - - - - -	2·78	2·85	3·38	3·30	3·39
Berar - - - - -	3·67	3·60	4·05	4·30	4·18

60. Comparing the prices of the 1st half of January with those of the second half of February, it appears that in the Central Provinces, Assam, Sindh, and Berar, the increase varied from 0.51 to 0.58 of a rupee. In Bengal it was considerably more, varying from about 13 annas to nearly a rupee. In the other Provinces the increase was less than half a rupee. The average increase of retail price for all India was 0.55 of a rupee, or about eight annas and nine pies, being a little more than the increase in the rate of duty.

61. It is not possible to state exactly what is the average annual rate of consumption of salt in any particular province, and it is certain that the consumption varies very much. The average rate of consumption for all India is a little under 10½ lbs. a head of the population. At the rate of half an ounce a day the average consumption would be 11 lbs. 6 oz. Assuming for the purpose of the moment that it is as much as 12 lbs., it may be taken that a man with a wife and three children will consume 42 lbs. in the year between them. Let their consumption be taken at 50 lbs. At the present average price of, say, Rupees 3-14-1 a maund, the salt of the family will cost about two rupees and six annas in the year. This is about 16½ per cent. in excess of the cost before the duty was raised, so that the man's contribution to the salt-duty may be taken as having been raised from about two rupees to two rupees six annas nine pies a year.

I do not enter into the question, on which there is much diversity of opinion, as to the manner in which the actual incidence on individuals, which I here state only in averages, is affected by the social customs of the people.

STAMPS AND EXCISE.

62. The statistics of Stamp and Excise Revenue may be given in a single statement. They are both regularly progressive, and it may be said that almost without exception the revenue of each province under each of these heads is, in each year, more or less in advance of what it was the year before. For this reason it is not necessary to do more than give the figures of the first and last of the years under review :—

	STAMPS.		EXCISE.	
	1880-81.	1886-87.	1880-81.	1886-87.
	(Thousands of Rs.)			
India - - - - -	27	42	22	73
Central Provinces - - - - -	113	147	186	257
Burma - - - - -	78	89+3*	218	247+7*
Assam - - - - -	62	74	196	220
Bengal - - - - -	1,139	1,346	855	1,013
North-Western Provinces - - - - -	536	637	369	578
Punjab - - - - -	327	352	111	137
Madras - - - - -	547	582	628	917
Bombay - - - - -	422	479	550	926
TOTAL - - - - -	3,251	3,751	3,135	4,875

63. As regards the stamp revenue, little remark is required. Of the whole amount, about 70 per cent. represents the income from court fees, and may be taken as the revenue side of the account to which the expenditure on Civil and Criminal Courts (under Law and Justice) and on Revenue Courts (under Land Revenue) is charged. The practice of levying fees by stamps has, during the last few years, been extended to some small items which formerly came in as cash receipts under the heads above quoted, and a small part of the increase shown in the above figures does not represent new revenue.

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* Upper Burma.
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64. As regards excise, it will be seen that it is in Madras and Bombay that the revenue administration has been most successful, as these two Provinces, with 31 and 16½ millions of inhabitants, respectively, produce a revenue nearly as large as that of Bengal with 69 millions. In fact, in both these provinces, a very remarkable progress has been made. The whole system of distillation has been more thoroughly brought under control, and stricter and more methodical preventive measures have enabled the Government to greatly enhance the rate of duty; for the question of the rate of duty which it is possible to levy in India, is simply the question of the prevention of illicit distillation. In Bengal, also, the subject of excise has received very special attention at the hands of the Government, and it is likely that the measures which are now being adopted, on the basis of the Report of the Excise Commission of 1883, will show, in the immediate future, a development of Excise Revenue, not dissimilar to that which has been witnessed in Bombay and Madras. The first effect was an increase of expenditure, which has risen from Rx. 28,900 in 1884-85, to Rx. 42,000 in 1887-88, and will probably continue to increase. The Revenue, by the same measures, fell from Rx. 1,005,200 in 1884-85, to Rx. 958,500 in 1885-86, but it has now advanced on a sounder basis, and it is expected that Rx. 1,097,500 will be received in 1887-88.

ALLEGED INCREASE OF DRUNKENNESS.

65. The advance of Excise Revenue in India has attracted considerable attention in England, having been erroneously accepted as evidence of the increase of drinking habits in India. The Government of India took a recent opportunity of sending to England a report containing very full information of what was actually being done in each of the Provinces of India. This paper, which was afterwards printed as House of Commons Paper, No. 269 of 1887, explained the restricted system which was everywhere adopted, and showed that the improvement in Revenue arose from severer taxation, and more complete prevention. I copy the following paragraphs from the covering Despatch, No. 166, dated the 25th June 1887, with which the report was sent, the Congress referred to being the British and Colonial Temperance Congress, which had addressed the Secretary of State on the subject:—

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6. The information, therefore, which has reached the Congress on this subject is entirely erroneous. The Governments in India are not set in the midst of an abstemious people, from whom they can realise no Excise Revenue, unless they place in their way temptations to drinking which would not otherwise exist. On the contrary, it is only by strong preventive establishments that illicit distillation can be prevented. The great increase in the Revenue to which the Congress allude does not mark the extension of drinking habits, but is the result of a great and general increase in the rate of tax which it would have been entirely impossible to realise but for the great improvement in preventive measures which has accompanied it. In fact the ability of the Excise Department to prevent illicit distillation is the only limit which is imposed in practice to increase in the rate of taxation.

7. The Congress are also misinformed in connecting this increased revenue with "the system by which the right to license outstills is farmed to the highest bidder." In scantily inhabited tracts, and in places which border upon Native States, a system of this kind is employed as providing the only means by which a tax of any kind can be levied upon the consumption of spirits; these are places where the Government has no choice between untaxed distillation and trade, and the system of farm to which the Congress allude. But outside these very narrow limits the system may be described as obsolete. The object of the Excise Department is to tax every gallon of spirits, first, by a fixed still-head duty, which is regulated at the discretion of the Government; and secondly, by a license fee for retail sale, which is usually determined by competition for the privilege of sale.

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9. Before passing on to give actual statistics of the consumption, it must be remembered with what large tracts of country and with what a large population we are dealing. Judged by a European standard, the people of India are a remarkably abstemious people. Drunkenness in the English sense of the term hardly exists in India. Writers whose comparisons are based on Oriental experience describe as drunkenness and as spread of misery and ruin a condition of things which, if it existed in England, would be regarded almost as a millennium of temperance. The average consumption in India is only a bottle or a bottle and a half of spirits a year for every adult male, and in some

some provinces is even less than that. It may be conceded that, however small the rate of consumption, any increase of it is equally to be deprecated; but at the same time in dealing with subjects such as the present it should be borne in mind that such terms as "drunkenness," "drinking classes," and "spread of drinking," when used by natives of India or in connection with Indian Administration, bear a meaning wholly different from that which they convey to a mind familiar only with the English aspects of the temperance question.

16. In short, the Temperance Congress, starting from the erroneous assumption that liquor traffic and liquor consumption are unnatural in India, and would not exist but for the state of things created by the British Administration, have formed the conclusion that the mere orders of the Government are sufficient to confine the consumption within any desired limit, and that the Government is responsible for not drawing that limit much closer. The real problem, it will be seen, is much more difficult. There is a point at which restrictions on consumption are inevitably followed by illicit distillation,—a point which varies in every region, according to the habits of the people, the sparseness of population, and the nature of the country and its productions. The papers now forwarded to Your Lordship amply show that the object which the various Governments have in view is the adaptation of the various methods of Excise Administration to the different conditions which present themselves, and the imposition of as great restriction as circumstances in each case permit. In our opinion the papers are a record of success in the solution of this difficult problem.

66. It remains to say that, after considering the advice of the Local Governments in each case, we have taken the following estimates of the Stamps and Excise Revenue:—

	Revised, 1887-88.	Budget, 1888-89.
Stamps - - - - -	3,848,100	3,854,400
Excise - - - - -	4,503,100	4,609,500

INCOME TAX.

67. The year 1886-87 was the first year of the Income Tax in its present form, and the opportunity may be taken to give an account of the first year's administration and its results.

68. The gross collections amounted to Rx.1,354,735, and the net collections (deducting Refunds—Rx. 27,067—and charges for collection—Rx. 50,157), to Rx. 1,277,511. The net revenue is compared Province by Province with that derived from the License Tax in 1885-86, in the table below:—

	License Tax Collections, 1885-86.	Income Tax Collection, 1886-87.	Percentage of Total Collections.	Increase of Income Tax over License Tax.
	Rx.	Rx.		Rx.
India - - - - -	106	122,406	9½	122,300
Central Provinces - - - - -	22,656	39,836	3	17,180
Burma - - - - -	-	16	-	16
Assam - - - - -	5	19,905	1½	19,900
Bengal - - - - -	139,167	333,627	26	194,460
North-Western Provinces and Oudh	112,954	213,639	17	100,885
Punjab - - - - -	35,747	105,652	8	69,905
Madras - - - - -	41,851	138,674	11	96,823
Bombay - - - - -	120,314	303,756	24	183,442
TOTAL - - - - -	472,800	1,277,511	100	804,711

The collections under India include the general collections in Ajmere and Coorg, and the assessments on salaries of officers serving immediately under the Government of India and in political employ, and of Military and Public Works Officers throughout India; and also a large amount of taxation on Interest on Securities.

69. Bengal and Bombay together have furnished about half of the total revenue; the towns of Calcutta and Bombay of course contribute largely to this result; the proportion which the gross collections in these towns bore to the total collections (excluding the tax on salaries of Government servants) in those Presidencies is indicated below:—

Bengal.	Calcutta.	Percentage of Calcutta on Bengal.	Bombay Presidency.	Bombay City.	Percentage of City on Presidency.
Rx.	Rx.		Rx.	Rx.	
338,468	170,588	50.4	257,500	140,652	54.6

The collections from these two cities, therefore, form more than one-fourth of the whole collections in India.

In Madras City the collections amounted to three lakhs.

The North-Western Provinces and Oudh produce a larger amount than any other Province, if the Presidency Towns be excluded.

70. The incidence of the tax in the various Provinces, and in Calcutta, Bombay, and Madras is shown below, the proportions being calculated with reference to the final demand:—

	Number of Population to each Person Assessed.	Number of Population to each Rupee of Tax.	Incidence of Tax on each Person Assessed.
Central Provinces - - - - -	1,136	39	Rs. 29
Assam - - - - -	811	50	29
Bengal:			
Calcutta - - - - -	37	44	82
Elsewhere - - - - -	853	39	22
North-Western Provinces - - - - -	602	21	28
Oudh - - - - -	866	35	24
Punjab - - - - -	555	25	22
Madras:			
Madras City - - - - -	80	1.3	62
Elsewhere - - - - -	655	28	23
Bombay:			
Bombay City - - - - -	37	55	68
Elsewhere - - - - -	311	13	23

71. Comparing the Presidency Towns, the proportion of assesseees to the general population is the same in Calcutta and Bombay; but the average tax paid by each assessee is considerably higher in Calcutta than in Bombay; the Madras average tax is not far below that paid in Bombay.

Leaving out the Presidency Towns, the variations in the incidence of the tax on each assessee are inconsiderable, but the proportion which the taxable population bears to the whole varies very largely. Bombay appears to be by far the richest of the Provinces, one in 311 being taxed, whereas in the mofussil portions of Bengal only one in 853 is liable to taxation; in the Orissa Division the proportion falls as low as one in 1,466, and in the Patna and Chota Nagpore Divisions the proportion is one in 1,012 and one in 1,129 respectively. In the Bombay Presidency the Ratnagiri District has only one in 1,179 of the population taxed; the next lowest proportion being one in 656 in the Thana District. The Central Provinces naturally come out with the smallest proportion of taxable incomes, though curiously the incidence of the tax on the individual tax-payer is highest there, and in some municipalities the incidence is very high indeed. The Punjab and the North-Western Provinces stand next to Bombay, though far behind it. These results must not be pressed too far; as some portion of the difference is due to variations in the proportion that the agricultural population bears to the whole; and again, some portion may be due to variations in the method of assessment.

72. The following Table distributes the actual collections* between the various parts of the Schedule of Act II. of 1886:—

	Rx.	Percentage of the whole.
Part I.—Salaries - - - - -	418,074	30·4
„ II.—Companies - - - - -	74,619	5·4
„ III.—Interest - - - - -	73,617	5·3
„ IV.—Other Sources - - - - -	808,831	58·9
	1,375,141	100·0

The tax on salaries consists for the most part of that levied from Government servants, the amount being made up as follows:—

	Rx	Percentage.	Number of Assesseees.	Incidence of Tax per Assessee.
Government Servants - - - - -	300,307	72	66,400	R. 5
Servants of Local Authorities - - - - -	12,246	3	5,010	24
Private Servants - - - - -	105,521	25	30,636	34
	418,074	100	102,046	—

The Companies taxed numbered 774; thus paying an average of about 964 rupees each.

Under the head of Interest the information as to the number of assesseees is defective; in many cases the number taxed has not been given.

73. Under other sources of income it is a matter of difficulty to distribute the

* The figures in the succeeding tables do not work up to those in the Finance and Revenue Accounts, as they are taken from the Administration Reports, and include in some cases collections made after the close of the financial year.

FINANCIAL STATEMENT OF THE

the taxation under any general heads; it seems best to give the figures for some of the principal professions and trades, the rest being lumped together:—

	Number of Assesseees.	Amount of Collections.
House Proprietors - - - - -	8,249	Rx. 40,495
Ship or boatowners - - - - -	2,500	4,201
Professions:		
Legal Practitioners - - - - -	8,568	42,500
Medical Practitioners - - - - -	1,700	5,395
Brokers - - - - -	4,198	17,213
Bankers - - - - -	9,270	43,852
Agents - - - - -	2,038	17,784
Other professions - - - - -	14,955	35,717
Manufacturers - - - - -	17,499	39,551
Merchants:		
Agricultural produce - - - - -	15,704	23,592
General - - - - -	14,626	80,580
Piece-goods - - - - -	17,188	43,703
Grain - - - - -	15,457	31,959
Money-Lenders - - - - -	98,768	241,255
Others - - - - -	8,114	27,500
Traders:		
Food - - - - -	11,666	18,205
Spirits and drugs - - - - -	4,476	9,096
Metals - - - - -	3,227	6,982
Others - - - - -	36,488	74,251
TOTAL - - - - -	294,691	808,831

The money-lenders furnish just about one-third of the assesseees, and pay about 30 per cent. of the tax in this part; they pay about 24 rupees each; and by far the largest proportion (88,777 out of 98,768) are assessed at incomes of under 2,000 rupees a year.

The highest rates of tax are paid by the following classes:—

	Tax per Assessee:
Agents - - - - -	R. 87
General Merchants - - - - -	55
Legal Practitioners - - - - -	50

The tax under Part IV. as a whole falls on the assesseees at the rate of 27 rupees each; and of the total number of assesseees, 264,715, or very nearly 90 per cent., are assessed on incomes of 2,000 rupees and under.

74. The assessments under Part IV. were those which were most difficult, and regarding which objections were chiefly raised. Eleven per cent. of the original assesseees were on objection absolved from taxation, while the amount of the assessment was reduced on the whole by 19 per cent. These results may be regarded as satisfactory, considering that they represent the first series of assessments to a new tax; in Madras it is stated that there was a tendency to assess

assess lightly, and the same appears to be the case with regard to Bengal and Oudh. The general impression derived from the reports of the Local Governments is that considerable success has been obtained in the endeavours made to render the tax as palatable as possible. The Government of Bengal says :—

“ The unpopularity of a direct tax may be greatly enhanced by injudicious administration ; but the Lieutenant-Governor is glad to be able to record his belief that in the present year the dislike to the tax has not been seriously aggravated by errors in its working.”

and this expresses the view generally of the other Governments.

75. Classifying the assesses of all kinds according to their rates of income, it appears that 90 per cent. had incomes of under 2,000 rupees, and that this class paid nearly 50 lakhs,* or only about 38 per cent. of the total collections. The incomes of from 500 rupees to 750 rupees numbered 51 per cent. of the whole body of assesses, but produced only 14 per cent. of the revenue; and the corresponding percentages for the next lowest class with incomes not exceeding 1,000 rupees were 13 and six respectively.

Only 6,929 persons were taxed on incomes exceeding 10,000 rupees, of whom 3,350 (or nearly half) were Government servants.

Only 388 persons were assessed at incomes exceeding half a lakh, and of this number 102 were assessed at incomes over a lakh. These 102 incomes paid Rx. 91,837, or about 7 per cent. of the whole collections; they included 37 companies paying Rx. 63,901. Forty-eight of the 102 were taxed in Bengal, and 29 in the Bombay Presidency.

FORESTS.

76. Under “ other principal revenue heads ” is included the Forest Revenue, under which, at present, we get a revenue of Rx. 1,150,000, by an outlay of about Rx. 750,000, or 68 per cent. on income. The percentage in the State Forests of Prussia, in which country forestry has reached an advanced stage, is very nearly the same, being 62 per cent. on a revenue of about 2½ millions. The percentage in India is gradually improving. Both in India and in Prussia the income is considerably diminished by the large amount of forest produce which has to be given free to local right-holders.

77. Still the present occupation of the Forest Department consists more in building up a most valuable property for the future than in realizing a revenue in the present. In Burma the teak forests furnish a handsome revenue; the Sub-Himalayan forests, from which large supplies are brought down for the consumption of Northern India, and the Sunderbans near Calcutta, are also revenue-producing areas. The Bombay forests are also productive in teak. But hardly anywhere is the expenditure less than 50 per cent. of the revenue, and in many places it is much higher. The work of the Department is at present, in fact, rather conservation and development than production of revenue. Centuries of neglect and denudation have to be remedied by systematic reservation, planting, and exploitation, and the return which the Department at present gives to Government is in the rapidly increasing value of the Government forests, rather than in the revenue immediately brought into the Government treasury. The net revenue, however, is satisfactorily progressing, having during 20 years increased from Rx. 130,000 to Rx. 400,000.

RAILWAY FINANCE.

78. Railways form a very important part of our revenue and expenditure, and it may be well to exhibit in a comparative statement the general effect of the Railway Revenue Account upon our financial position. The arrangement of our accounts, following as it does the somewhat complicated differences in the relations of Government to the different railways, does not very clearly set forth the purely financial part of their history. But the following abstract of the transactions of 10 years, made up from the accounts, and working up to the same net

* In these calculations as to classification, interest on securities is omitted from consideration, as in most cases the distribution of this by classes is not shown.

net result, will render the position clearer. I may also refer to the detailed statement of capital, earnings, and working expenses, shown in Appendices C. and E. of this statement.

	1879-80.	1880-81.	1881-82.	1882-83.	1883-84.	1884-85.	1885-86.	1886-87.	1887-88, Revised.	1888-89, Budget.
	(In Thousands of Rx.)									
REVENUE.										
Gross earnings - - - - -	12,054	13,011	14,941	15,258	16,168	16,128	17,768	18,195	18,078	18,801
Working expenses - - - - -	6,154	6,681	7,226	7,811	7,891	8,150	8,791	8,683	8,883	9,396
Net earnings - - - - -	5,899	6,330	7,715	7,447	8,277	7,976	8,977	9,512	9,195	9,405
Deduct Companies' share (a) - - -	648	481	531	734	780	623	593	780	928	712
Remains to Government - - - - -	5,251	5,849	7,184	6,713	7,497	7,353	8,384	8,732	8,267	8,693
EXPENDITURE.										
Interest :										
India - - - - -	1,043	1,255	1,469	1,662	1,883	2,106	2,232	2,433	2,590	2,676
England - - - - - £.	4,737	4,522	4,859	4,885	4,824	4,827	5,067	5,284	5,400	5,615
Exchange - - - - -	958	930	1,002	1,120	1,102	1,173	1,595	1,987	2,268	2,359
TOTAL INTEREST - - - - -	6,738	6,707	7,330	7,667	7,809	8,106	8,894	9,704	10,258	10,650
Land and Supervision - - - - -	63	58	88	98	122	101	124	112	105	90
Miscellaneous Railway Expenditure - - -	20	58	52	254	—129	98	99	94	53	68
TOTAL EXPENDITURE - - - - -	6,821	6,823	7,470	8,019	7,802	8,305	9,117	9,910	10,416	10,808
Net Result—Deficit - - - - -	1,570	1,044	286	1,306	305	1,052	733	1,178	2,154	2,115

(a) The payment to the East Indian Railway Company is included in this line; but in our regular accounts it is charged under working expenses. The figures in this statement work out to the same net result as the accounts, but for reconciliation of details some further explanations would be required.

79. During the first few years of the period included in this statement, the construction of railways on the guaranteed system had practically closed; the main exception being the expenditure in completion of the Oudh and Rohilkund Railway. The sterling account of interest, therefore, which represents this part of the capital, rises only from 4,737,000 £. in the first year to 4,827,000 £. in the sixth year. The construction of State Railways was actively proceeding, and was adding to the Indian interest account very regularly about Rx. 200,000 every year.

Throughout this period, that is for the first six years included in the above statement, the advance of the net earnings was about equal to the advance of charges for interest on capital. During the five years, 1880-81 to 1884-85, the total amount of net earnings was Rx. 37,645,000, and the total amount of interest charge (including exchange) was nearly the same, Rx. 37,689,000; in fact, in bad revenue years the net earnings fell short of the interest by half a million, and in good revenue years they exceeded it by nearly half a million.

80. It has to be remembered, however, that a considerable deduction has to be made from the earnings before they are available for railway charges. The contracts with the companies give them a share of the earnings (somewhat miscalled a share of surplus profits, for it may and does accrue when there are no real profits at all), which amounts on the whole, at the present standard of Revenue, to about Rx. 700,000; and other charges, varying from about Rx. 150,000 to Rx. 200,000, have to be borne for Government establishments connected with Companies' Railways, for the purchase of land for these railways, and for railway surveys and other miscellaneous expenditure. When, therefore, the net railway earnings are equivalent to the burden of interest on capital, the result to Government is that, on the whole railway revenue account, the Government suffers a loss of Rx. 850,000 to Rx. 900,000. During the five years period just mentioned, the loss was rather less, and averaged about Rx. 799,000.

From the statement given above, it will be seen that during the more recent years, that is, since 1885, this loss has been greatly increasing; and in the Revised and the Budget Estimate it is placed at about Rx. 2,150,000.

81. It is not the earnings that have failed us, except in this temporary sense that they reached a specially high figure in 1885-86 and 1886-87; and have now fallen to a more normal figure. For this normal figure still shows, on the whole,

whole, a fair rate of increase. Rx. 7,000,000 was the average standard of earnings about 1881; in 1834, it stood at Rx. 8,000,000, and it is now Rx. 9,000,000. This must be regarded as very satisfactory, especially when we consider that the construction of State railways, during the past three or four years, has almost left the purely commercial lines, and been limited to famine lines, such as Assam-Bihar, Bellary-Kistna, and Cuddapah-Nellore, or to quasi-military lines, such as the Sind-Sagar Railway, the lines in Biluchistan, and I may add the Mandalay extension, though this partakes also of a commercial character.

82. The cause of the deterioration will be found in the figures which show the interest paid in England. From these it will be seen that the increase of interest paid in England, and especially of exchange, has run away with much more than the improvement in the net earnings. This will be a little clearer if we show the figures in two classes—

	1884-85.	1885-86.	1886-87.	1887-88.	1888-89.
New Subsidised Companies—					
Interest - - - -	(a) 118	171	312	437	620
Exchange - - - -		54	117	183	260
Older Companies—					
Interest - - - -	4,827	4,896	4,972	4,963	4,995
Exchange - - - -	1,173	1,541	1,870	2,085	2,098

(a) Paid in India.

The Companies included in the first set of these figures are the Southern Mahratta, the Bengal-Nagpur, and the Indian Midland; all these lines are still in active construction, and the capital on which interest is being paid is as yet hardly earning any money. It is, therefore, for the present almost a dead weight upon our Railway finance, although after a year or two it ought to cease to be so. The amount of this dead weight of unproductive capital is as follows:—

	1884-85.	1885-86.	1886-87.	1887-88.	1888-89.
Total interest charge as above -	118	225	429	620	880
Less earnings - - - -	-	22	128	166	234
NET - - -	118	203	301	454	646

Of unproductive capital there has always been a certain amount outstanding; but, while our construction was confined to State Railways proper, the amount was limited to the outstandings under this head alone. Of recent years we have added to our State Railway construction the construction by the companies just mentioned, and until the lines of these companies are fairly in working order we have these special additions to the amount of unproductive capital.

83. Under the second head, that of the older companies, the new burden is mainly that of exchange. The exchange during the five years above detailed has been, for every 100 l., Rx. 24.3, Rx. 31.5, Rx. 37.6, Rx. 42 and Rx. 42; and this, for a sterling charge of 4,900,000 l., involves an increase of Exchange charge from Rx. 1,190,000 to Rx. 2,060,000, or nearly Rx. 220,000 a year for four years. During the period of five years preceding 1885-86, to which I referred in paragraph 79, the improvement of the rate of earnings was sufficient to cover the enhancement of the Exchange charge, but then that enhancement was only Rx. 220,000 for the whole period. Since 1885-86, however, the fall of the rupee has gone on at too rapid a rate, and the increase of earnings has quite failed to make up for it.

84. The result of these considerations is to show that at the present juncture we are at an unfavourable period in our Railway finance. Our State Railway construction is, perforce, running in a line from which little commercial earning can be expected; we are burdened with the interest on the heavy capital of three large railway companies, which is not yet productive; and we have suffered very greatly by the rapidity of the fall in the value of silver. The second of these causes is one from which we will certainly recover in a short period; and we shall be very unfortunate if the third continues to add to our burdens in the same ratio as in the immediate past. Meantime the earnings taken by themselves show fairly steady progress, and we may, therefore, reasonably look for early relief from a very large part of the present burden of Rx. 2,150,000, imposed upon us by our railway accounts.

INTEREST ON DEBT.

85. The following figures show, in thousands of £., the amount of sterling debt of the Government at the end of each year:—

1881-82.	1882-83.	1883-84.	1884-85.	1885-86.	1886-87.	1887-88.
68,142	68,586	68,109	69,271	73,307	84,228	84,228

But 10,152 of the first figure and 18,514 of the last is held on Railway account, and merely represents the part of the capital account of Railways purchased by Government. The real increase of sterling debt during this period is therefore 7,724,000 l.

The interest payments show this distribution between the Railway account and the account of ordinary debt, the total amount paid being as follows:—

	1881-82.	1882-83.	1883-84.	1884-85.	1885-86.	1886-87.	1887-88, Revised.	1888-89, Budget.
	(Thousands of £.)							
Ordinary Account - - -	2,457	2,458	2,418	2,578	2,420	2,556	3,300	2,584
Railway Account - - -	353	348	312	353	366	566	552	549

The figures of 1884-85 were increased above the average by a heavy payment of 184,000 l. on account of discount on a new loan raised at 3 per cent. in that year. With this exception the interest charge was almost constant from 1881-82 till 1885-86, but in the year after that it rose by about 170,000 l.

86. A very great increase above the average payments will be observed in the amount of interest paid in 1887-88, the explanation of which is as follows:—

On 19th April 1887, the Secretary of State notified his intention to discharge, on 10th October 1888, the 4 per cent. sterling stock (over 53,000,000 l.) repayable on that date, and offered to the holders terms of conversion into $3\frac{1}{2}$ per cent. stock. The terms of conversion involved anticipation payments of 10 s. per cent. interest otherwise falling due in 1888-89. But, moreover, as the interest upon the new stock was to run quarterly, whereas that on the old stock was payable half-yearly only (April to October), the operation brings forward, to January 1888 (*i.e.*, the year 1887-88), one quarter's interest or 17 s. 6 d. per cent, which would otherwise be payable only in April 1888 (*i.e.*, the year 1888-89).

The offer was accepted by the holders of about 48,200,000 l. of stock, and thus the excess payments of interest which fell within the year came to 663,000 l., besides commission and other exceptional charges. This 663,000 l. is not, properly speaking, an excess payment, but it is rather a redistribution of existing charges, which we would have had in any case to meet, and which appears in our accounts in this peculiar manner by reason of the fact that our year of account closes during the interval by which the payment is brought forward. The charges in question were not provided in the Budget Estimates,

as it was necessary to avoid risking the success of such an important operation, by advertising it prematurely; and the payment, not being a real excess of charge, was easily met without any new arrangements in respect of ways and means. A similar, though not nearly so large, excess charge occurs in 1888-89 in respect of the remaining 5,000,000 £. of the loan, and by reason of it, and of the further commission and other charges, we get very little apparent benefit from the reduction of interest in the Budget Estimates for 1888-89. But from 1889-90 we get a benefit of $\frac{1}{2}$ per cent. interest upon 53,262,000 £., that is, a reduction of charge amounting to 266,310 £. sterling a year.

87. The interest account in India is a little more complicated. The total amount of debt stands as follows:—

	1881-82.	1882-83.	1883-84.	1884-85.	1885-86.	1886-87.	1887-88, Revised.
	(Thousands of Rx.)						
Ordinary Debt - - -	88,653	90,689	93,191	93,184	92,704	92,654	98,088
Special Loans - - -	4,952	1,953	1,809	1,799	1,782	1,782	1,782
Service Funds, &c. - - -	899	951	1,000	1,056	1,082	1,137	1,184
Savings Banks - - -	3,366	3,744	4,017	4,722	5,116	5,836	6,711
TOTAL - - -	97,870	97,337	100,017	100,761	100,684	101,409	107,765

A large amount of the above debt represents the capital outlay upon railways and irrigation works, and another portion of it represents moneys lent at interest to municipalities and local bodies, and in some cases to native chiefs. Six-and-a-quarter crores (6,250) of it are the investment of the Currency Department. The account of interest, therefore, shows considerable recoveries on these accounts, and stands as follows:—

	1881-82.	1882-83.	1883-84.	1884-85.	1885-86.	1886-87.	1887-88, Revised.	1888-89, Budget.
	(Thousands of Rx.)							
Charged to Interest on Debt -	1,827	1,719	1,517	1,371	1,137	737	739	824
Recovered - - - - -	840	670	820	668	687	614	655	642
NET BURDEN - - -	987	1,049	697	703	450	123	84	182

These figures are somewhat remarkable. It must be remembered that the expenditure on State Railways is partly in sterling and partly in rupees; but the transfer from Debt Account to Capital Account is made upon the Rupee Account only. We have, therefore, written off the account of debt, each year, a good deal more than the debt we have raised, and our Rupee debt has been gradually nearly all transferred to the Capital Account of the Railway and Irrigation Works.

88. The following figures show the portion of the interest payments which has, each year, been charged to the account of Railways and Irrigation, and which is, of course, in addition to the above-stated charges:—

	1881-82.	1882-83.	1883-84.	1884-85.	1885-86.	1886-87.	1887-88.	1888-89.
	(Thousands of Rx.)							
Railways - - - - -	1,462	1,621	1,785	1,959	2,182	2,423	2,587	2,706
Irrigation - - - - -	742	816	895	932	965	993	1,019	1,047
TOTAL - - -	2,204	2,437	2,680	2,891	3,147	3,416	3,606	3,753

These will be dealt with under the heads of Railways and Irrigation.

89. The total of the burden of debt may be shown by adding together the figures in paragraphs 85 and 87.

	1881-82.	1882-83.	1883-84.	1884-85.	1885-86.	1886-87.	1887-88.	1888-89
	(Thousands of Rx.)							
India - - - - -	987	1,049	697	703	450	123	84	182
England - - - - -	2,457	2,458	2,418	2,578	2,420	2,556	- -	2,584
Exchange - - - - -	507	564	552	626	762	977	(a)	1,086
TOTAL - - - - -	3,951	4,071	3,067	3,907	3,632	3,656	- -	3,852

(a) Omitted, being irregular as above explained.

CIVIL EXPENDITURE.

90. The Civil Expenditure, which is put down in the standard account in paragraph 16 at Rx. 22,021,000, is composed of the following items:—

	Standard of 1887-88.	Revised, 1887-88.	Budget, 1888-89.
	(Thousands of Rx.)		
Refunds and Assignments of Revenue :	1,570	1,681	1,689
Revenue Departments :			
Land Revenue (including District Administration).	3,669	3,519	3,684
Forest Expenditure - - - - -	738	763	771
Other Revenue Departments :			
India - - - - -	1,075	1,057	1,073
England - - - - - £.	68	56	65
Exchange - - - - -	29	23	27
Civil Departments (Net) :			
Administration :			
India - - - - -	1,372	1,394	1,387
England - - - - - £.	247	269	251
Exchange - - - - -	104	113	105
Law and Justice (including Jails) - - -	2,924	2,859	2,951
Police - - - - -	3,392	3,396	3,454
Marine, Provincial - - - - -	22	10	43
Education - - - - -	1,121	1,069	1,130
Medical - - - - -	747	705	728
Political - - - - -	633	691	715
Other Departments - - - - -	541	527	525
Miscellaneous (Net) :			
Territorial and Political Pensions - - -	677	609	571
Non-effective Charges :			
India - - - - -	458	467	492
England - - - - - £.	1,729	1,714	1,737
Exchange - - - - -	726	720	730
Stationery, Printing, and Miscellaneous (Net).	179	—83	163
TOTAL - - - - -	22,021	21,559	22,291

(In the above statement the sterling figures are shown separately in the only cases in which they are of any importance. Exchange adds about 12, 8, 12, and 55 under Political, Other Departments, Territorial Pensions, and Miscellaneous, respectively; in other cases, it only alters the unit figure by one at the most.)

91. The *Land Revenue* Expenditure during the last few years has been as follows (in thousands of Rx.):—

1881-82.	1882-83.	1883-84.	1884-85.	1885-86.	1886-87.	1887-88, Revised.
3,004	3,043	3,329	3,363	3,414	3,464	3,519

The increase in 1883-84 is due to the assumption by the Government of about Rx. 300,000 of expenditure on patwaris (village accountants) in the North-Western Provinces and Oudh, by the abolition of the special cess from which they had till then been paid. During the last three years the expenditure has been increasing, owing to the progress of settlement work, of which a full account has been given above. In 1887-88, although the Budget Estimate was for Rx. 3,668,000, the actual probable expenditure is Rx. 3,519,000 only, the difference arising from various savings on the estimated expenditure, the largest of which arises from the Madras Government not having brought into operation, during the year, the re-organisation of subordinate establishments which is referred to in para. 132.

The Budget Estimate for 1888-89 is placed at Rx. 3,684,100, very slightly in advance of the Budget Estimate for 1887-88.

92. The charges under *Administration* in India have slowly increased from Rx. 1,291,000 in 1880-81 to about Rx. 1,392,000 in 1886-87, and just more than that in 1887-88. The increase has been general, that is, every Provincial Government contributes its share towards it. I do not think anything need be said about it, except that the amount of work of administration, which the expenditure represents, has certainly increased at a very much greater rate than the expenditure itself.

The Budget Estimate for 1887-88 was somewhat short of the actual existing standard of expenditure, and it is accordingly slightly exceeded in the Revised. The Budget Estimate for 1888-89 is for nearly the same amount as has been spent during the last two years.

The English expenditure has been practically steady at a little under 250,000 l.

93. Like the expenditure on Administration, that under *Law and Justice* has also steadily, but more rapidly, increased. The net figures stood at Rx. 2,562,000 in 1880-81, and about the same in 1881-82; but by 1886-87 they had risen to Rx. 2,809,000. It is Civil Justice that requires more and more provision being made for its demands, but, as the increase of stamp revenue (mainly court-fees) is at least equal to the increase on the expenditure side, the expansion of the expenditure is hardly subject for objection. The net expenditure of 1887-88 is now put down at Rx. 2,859,000 against a Budget Estimate of Rx. 2,924,000, savings on the original estimate having occurred in nearly all the provinces. The Budget of 1888-89 is Rx. 2,951,000, being a slight advance over that for 1887-88.

94. The net charges on account of *Police* have been as follows (in thousands of Rx.):—

1880-81.	1881-82.	1882-83.	1883-84.	1884-85.	1885-86.	1886-87.	1887-88, Revised.
2,285	2,306	2,415	2,449	2,513	2,532	2,969	3,396

The increase which took place here in the years preceding 1885-86 represents for the most part the effect of the policy announced in 1882-83. In paragraph 65 of the Financial Statement for that year it was said that—

“Boards and Committees for the administration of certain Local Funds already exist in most parts of India. We now wish to widen the sphere of action hitherto assigned to these bodies. The Provincial Governments have therefore been invited to hand over to them such items of revenue and expenditure as may appear to be most suited to give them a real interest in the administration of the resources at their command, and, on the other hand, to take over as a provincial charge some items of expenditure, such as police, over which Local Bodies cannot exercise any real control.”

It was mainly medical and educational expenditure which, in accordance with this policy, the Municipalities were expected to extend, in lieu of the police charges of which they were relieved. The increase of police expenditure therefore represents the charges formerly incurred by Municipalities, but of which they have now been in a great measure relieved.

95. The great expansion of police charges in the last two years is almost entirely in Burma. Burma police expenditure in 1885-86 stood at Rx. 237,000 (net); in 1887-88, it stands at Rx. 1,031,700. Practically the whole of this increase represents the quasi-military force which has been recruited in India for service in Burma, and which will be necessary to bridge over the interval between the first military occupation of the country and its final settlement. The present high scale of expenditure is likely to last for two or three years, but after that we hope for rapid reduction of it.

96. The provincial portion of the *Marine Expenditure* consists of—

- (1.) The pilotage service in Calcutta, of which the receipts exceed by Rx. 15,000 the portion of the charges that is brought to account under this head.
- (2.) Expenditure on ports, rivers, light-houses, and river steamers, which comes to about Rx. 40,000.

The net charge is therefore about Rx. 25,000.

97. *Educational* expenditure has increased rather rapidly. The net outlay (deducting fees and other receipts) was Rx. 829,000 in 1880-81, but it has increased at the rate of between Rx. 40,000 and Rx. 50,000 a year, and in 1886-87 it stood at Rx. 1,097,000. Every province in India had its share in this increase. For 1887-88, as above shown, Rx. 1,121,000 was estimated, but Rx. 1,069,000 only is likely to be spent, the reduction of provincial resources having compelled a slight retrograde movement. For 1888-89 the grants have again been increased, and the estimate stands at Rx. 1,130,000.

It should be noted that these figures do not show the full measure of the increase of public expenditure on education in India, for Municipalities are also considerably increasing their expenditure on this head, and Municipal expenditure is not included in the Government accounts. It is part of the educational policy of the Local Governments to hand over schools hitherto maintained from Government or from Local Funds, to the care of Municipalities, and every school so handed over disappears from our accounts of educational expenditure, though it remains, it is to be hoped, at least as efficient as before.

98. The net *Medical* charges have slightly increased from 1880-81 till 1884-85, having been Rx. 625,000 in the former year and Rx. 690,000 in the latter; but at this last figure they remained almost unchanged.

It should be remembered, however, that some part of the charges against this head have been passing into Municipal Accounts, and the diminution caused by this is probably the reason of the stationary nature of the charge during these years. The charges have now somewhat advanced, namely, to Rx. 705,000 (Revised, 1887-88) and Rx. 728,000 (Budget, 1888-89). Part of this increase arises in Upper Burma, but part of it is attributable to safe estimating, as this is one of the heads in which there is always a considerable saving on Budget.

99. The next head in the abstract represents the *Political* charges, and here there is unavoidably a very heavy increase during recent years. The increase arises almost entirely in connexion with our North-West Frontier. In 1879-80 and 1880-81, the standard of expenditure was about Rx. 450,000 (including the English charges of 10,000 *l.* and 15,000 *l.*, as Indian contribution towards the cost of establishments in Persia and China respectively). But the subsidy of the Amir of Afghanistan, and the heavy charges for Afghan refugees, raised the standard of charge to Rx. 631,000 in the Estimates for 1887-88, and that will be considerably exceeded in the actuals by reason of the Boundary delimitation and other special charges. The Estimate for next year again shows an advance (the greater portion of which is due to charges in connection with Ayub Khan) and stands at Rx. 714,600.

100. On the remaining heads in the abstract I have little remark to make. Under Territorial and Political Pensions, we shall probably be relieved of at least Rx. 60,000 of charges by the death of the ex-King of Oudh. The non-effective charges (leave allowances and pensions) are a very heavy burden, and must remain so in a country of which the public service is largely filled from foreign sources. The charge is necessarily every year mounting up, but it represents the fulfilment of positive obligations, and is not subject, except in a remote

remote sense, to financial management. The Revised Estimate for the last group of miscellaneous charges shows a considerable saving on the Budget Estimate.

POST OFFICE, TELEGRAPH, AND MINT.

101. The full account of the Rx. 248,000, put down in paragraph 16 as the net charge of these three *quasi-commercial* departments, is as follows (in thousands):—

	Revenue (+) and Expenditure (—).		
	India.	England.	Exchange.
	Rx.	£.	
Post Office - - - - -	1,216—1,212	—111	— 46
Telegraph { Revenue Account - - -	629— 500	7— 47	— 17
{ Capital Account - - -	— 123	— 90	— 38
Mint - - - - -	170— 79	— 5	— 2
TOTAL - - -	2,015—1,914	7—253	—103
	+101	—246	

The English charges of the Post Office have for some years been very steady. More than half of them represent the payment, under postal arrangements, to the Imperial Treasury, a payment which the new postal contract reduces from 66,000 *l.* in 1887-88 to 50,000 *l.* in 1888-89. The remainder represents stores.

Excluding consideration of this payment, the purely Indian transactions which, in 1881-82 and 1882-83, showed a loss of about Rx. 100,000, show in the Revised Estimates of 1887-88 a loss of Rx. 11,000 only, and in the Budget Estimates of 1888-89 a gain of R. 19,000.

To make a full account in the commercial sense, we would have to add charges for public works, for stationery, and for pensions and the like, but then we would also have to take into account the fact that the Post Office performs services for the district post in respect of which Government gets a revenue under Provincial Rates of nearly Rx. 100,000, and does all the work of the Postal Savings Banks without any credit in its account to represent its value.

102. Under Telegraphs, the Revenue Account has, for a long time, paid a handsome surplus. This surplus, after taking into account a small charge for exchange, was, for the three last completed years, Rx. 129,000, Rx. 79,000, and Rx. 174,000.

The above standard gives us a net revenue of Rx. 72,000 after reckoning the exchange on the English charges.

The net revenue is now estimated at Rx. 210,200 for 1887-88, and at Rx. 120,500 for 1888-89 (these figures including charges for exchange), the improvement being largely in Government telegrams from Burma.

103. The *Mint* receipts have been a little better than the standard shown in paragraph 16, as the importations were somewhat above average. The excess expenditure, however, has taken away all this advantage; it must be remembered that in 1887-88 the *Mint* had to incur the charges involved in coining over three crores of Gwalior bullion, without getting the usual receipt of seignorage.

The figures taken for next year's Estimates differ very slightly from the Budget Estimates of 1887-88.

IMPERIAL MARINE.

104. The charges under this head are in two portions:—

- (1.) The expenditure connected with the Imperial Marine in India, which is normally about Rx. 120,000 or Rx. 130,000 net;
- (2.) In England Admiralty charges and marine stores, which on the average is about 150,000 *l.*

Latterly, however, the expenditure has reached a much higher figure; operations in Burma have necessitated heavy charges for transport, and a considerable patrolling service has also been required for the Burma rivers, so that Rx. 321,600 were spent in 1886-87, and Rx. 234,600 are likely to be spent in 1887-88, under the first of these heads. The purchase of torpedo vessels and of marine stores in connection with the special defences was shown under this head in the Budget Estimates of 1887-88, which accordingly stood at 326,700 *l.* These are now, however, removed to the special head of "Special Defences," and the Revised Estimates show 148,300 *l.* only.

The Estimates for 1888-89 are Rx. 253,600 in India for the first head, and 92,000 *l.* in England.

IRRIGATION.

105. The following table shows the state of the account of *Major Works*, that is, of those works of which the construction is charged outside the Revenue Account, or to the Protective Grant, and which are, in the Revenue Account, charged with the interest payable on the cost of construction:—

	1881-82.	1882-83.	1883-84.	1884-85.	1885-86.	1886-87.	1887-88, Revised.	1888-89, Budget.
	(Thousands of Rx.)							
Direct Revenue - - - -	866	931	937	1,075	865	910	975	1,014
Land Revenue - - - -	491	469	534	466	562	597	578	591
TOTAL - - - -	1,357	1,400	1,471	1,541	1,427	1,507	1,553	1,605
Maintenance - - - -	456	502	515	571	593	627	682	671
Net Revenue - - - -	901	898	956	970	834	880	871	934
Interest Charge - - - -	803	846	894	932	965	992	1,019	1,047
Surpluses - - - -	98	52	62	38	-131	-112	-148	-113

A full account of the details of these figures will be found in Appendix F. They show that the breakdown of revenue which took place in 1885-86 occurred on the Ganges and Lower Ganges Canals, and that a heavy loss took place also on the Western Jumna Canal. In the last case it was merely a reversion from the excessively high standard of revenue of the preceding two years, the receipts from this canal being greatly influenced by the variations of season, as a year of good rainfall at once shows itself in a falling-off in the revenue. In the case of the Lower Ganges Canal the breakdown was caused by the destruction by floods of an aqueduct not far from the head of the canal. Till this costly work is restored the revenue will remain unduly low; the work of restoration is being actively carried on, but it will cost over Rx. 442,000, and will add Rx. 17,700 for all time to the account of interest.

106. From the details to which I have referred, it will be seen that the productive power of the canals varies in a remarkable manner. The Lower Ganges Canal, even in its present crippled condition, pays a net revenue of Rx. 41,859 on a capital expenditure of Rx. 2,925,000, and the Godaveri Delta System gives a net revenue of Rx. 133,197 on a capital account of Rx. 1,065,535. On the other hand, the two canals which we have taken over from companies do not even pay the charges of their maintenance, the return from them being as follows:—

	Capital Account.	Net Loss, 1887-88.
	Rx.	Rx.
Orissa (including the Midnapore and Tidal Canals).	3,315,022	35,000
Karnal Canal - - - - -	2,165,546	6,384

107. In the *Minor Works* classed under Irrigation both capital expenditure and maintenance are charged in the Revenue Account, but, except in Madras, there are now few large items of expenditure remaining under this head. The works consist chiefly of:—

- Embankments in the deltas of Bengal and Madras.
- Inundation canals in Punjab and Sind.
- Navigation canals and rivers in Bengal.
- Tanks in Madras.

It is only under this last head that any immediate increase of expenditure may be expected. The land revenue of Madras is largely dependent upon irrigation from tanks, which are scattered all over the country and have come down from ancient times. The Government of Madras has, for some years, had it in contemplation to undertake systematic measures for the improvement and restoration of these works, and, the investigations and plans being now sufficiently far advanced, it proposes to lay out, for some years at least, Rx. 50,000 or Rx. 60,000 upon them. The first year of the outlay is 1888-89, and the Madras Government promises an ample return in the form of improved land revenue.

The Estimates under this head are as follow:—

	Bengal.	Punjab.	Madras.	Bombay.	Other Provinces.	TOTAL.
	(Thousands of Rx.)					
1886-87 { Receipts - -	86	18	10	15	20	149
{ Expenditure - -	124	64	272	161	70	691
1887-88 { Receipts - -	93	19	9	15	18	154
Revised { Expenditure - -	170	72	263	176	102	783
1888-89 { Receipts - -	92	18	10	15	19	154
Budget { Expenditure --	182	70	330	173	110	865

108. The Estimates are, therefore, for net expenditure:—

1887-88, Major Works - -	148	Minor Works - -	629	Total - -	777
1888-89, Major Works - -	113	Minor Works - -	711	Total - -	824

CIVIL AND MILITARY WORKS.

IMPERIAL.

109. Since 1880-81 it has been the practice of the Government of India to set aside an annual sum of Rx. 1,000,000 for military works, which include fortifications and military roads, as well as accommodation for troops. The expenditure on civil works is mostly in the hands of Local Governments, and comes within the Provincial Account, so that the Imperial portion, that is, the expenditure on the Imperial Departments throughout India, and in the smaller provinces under the direct administration of the Government of India, amounted to only about Rx. 400,000, unless special works were being undertaken. Accordingly, in the two years 1884-85 and 1885-86 the expenditure in India was:—

	1884-85.	1885-86.
	Rx.	Rx.
Military Works - - - - -	943,344	960,415
Civil Works - - - - -	465,169	350,452

Besides which, about 70,000 *l.* are spent in England upon furlough and leave allowances of Public Works officers of all branches, and Cooper's Hill College, besides a small amount for stores.

110. But since these years we have two sets of new and heavy charges added to the old standard. In the first place, about Rx. 200,000 a year are being set aside for the construction of a scheme of frontier roads, in the Punjab and Beluchistan, and, in the second place, we have to fit out the new province of Upper Burma with new roads, and with the buildings required both for the military forces there stationed and for purposes connected with civil administration. The two heads, therefore, show a rapid increase of expenditure over the standard of 1884-85 and 1885-86, and the figures for the present three years are as follow:—

	1886-87.	1887-88, Revised.	1888-89, Budget.
India:	Rx.	Rx.	Rx.
Military Works—India - - -	985,063	960,200	965,300
Upper Burma - - -	73,950	312,500	190,000
Civil Works—Ordinary - - -	292,042	347,200	306,900
Upper Burma - - -	171,550	320,000	318,300
Frontier Roads - - -	151,080	231,300	177,800
England - - - - -	87,989	102,000	103,200
Exchange - - - - -	33,089	42,800	43,400
TOTAL - - -	1,794,763	2,316,000	2,104,900
Deduct Receipts - - - - -	*228,632	95,400	82,300
Net Expenditure - - - Rx.	1,566,131	2,230,600	2,022,600

* Includes Rx. 150,000 recovered from the Maharaja Sindia on account of Morar Cantonment and Gwalior Fort.

111. The roads, both in Upper Burma and on the frontier, are at present being constructed by the Civil Works Department, and the ordinary Civil Works Grants are now being cut down to their lowest limit, in order to provide money for these new charges. Only Rx. 121,430 is allowed for ordinary "original works" in India in 1888-89, one of the large items being a charge of Rx. 15,500 for a new lighthouse for Oyster Island on the Burma coast.

PROVINCIAL.

112. The provincial portion of this head represents the charges for roads and buildings all over India, and includes the portion that is met out of cesses upon land. This latter portion may be reckoned at Rx. 1,500,000, excluding the portion which the Governments of Bengal and the North Western Provinces may be taken as spending out of the local rates which are credited in their Provincial Account.

113. The Local Governments vary their public works expenditure to a great extent according to the surplus of funds which the Provincial Contracts leave in their hands; so that no particular year's expenditure can be taken as the necessary standard. The following figures compare their expenditure in

1887-88

1887-88 and 1888-89 with the amount of expenditure which, on the Finance Committee's Report, was fixed as a convenient minimum:—

	Minimum.	1887-88, Revised.	1888-89, Budget.
	Rx.	Rx.	Rx.
Central Provinces - - - - -	120,000	134,000	163,000
Burma - - - - -	122,000	121,000	117,000
Assam - - - - -	50,000	57,000	61,000
Bengal - - - - -	310,000	283,000	403,000
North Western Provinces - - - - -	275,000	301,000	275,000
Punjab - - - - -	230,000	256,000	253,000
Madras - - - - -	200,000	201,000	236,000
Bombay - - - - -	293,000	420,000	437,000
TOTAL - - - Rx.	1,600,000	1,773,000	1,945,000

The excess charges of Rx. 345,000 are for the most part met by drawing upon accumulated balances, of which a considerable amount, as will be explained in the section relating to provincial finance, is at present at the disposal of Provincial Governments. The whole account of the figure which is shown in the statement on paragraph 16 is thus made up:—

	1886-87.	1887-88, Revised.	1888-89, Budget.
	(Thousands of Rx.)		
Civil Works :			
Provincial - - - - -	1,982	1,773	1,945
Local - - - - -	1,425	1,511	1,543
TOTAL - - -	3,407	3,284	3,488
Deduct Receipts - - - - -	499	481	473
Net Expenditure - - -	2,908	2,803	3,015
Deduct portion charged against accumulated Balances - - - - -	-	(a) 28	484
Net Estimate - - -		2,831	2,531

(a) This 28 (Rx. 27,700) turns out to be an addition and not a deduction; that is, the whole amount expended is charged to the year, and a further amount of Rx. 27,700 is charged off and laid by, to be spent hereafter (see paragraph 7).

MILITARY EXPENDITURE.

114. The following are the statistics during the past few years:—

	1883-84.	1884-85.	1885-86.	1886-87.	1887-88, Budget.	1887-88, Revised.	1888-89, Budget.
	(Thousands of Rx.)						
Ordinary Account:							
India - - - - -	11,003	11,190	11,640	12,188	12,440	12,593	12,931
England - - - - -	3,066	3,907	3,630	3,513	3,748	3,758	3,727
Exchange - - - - -	905	949	1,143	1,321	1,392	1,579	1,565
TOTAL - - -	15,874	16,046	16,413	17,022	17,580	17,930	18,223
Afghanistan, net - - - - -	-	103	2,116	-	-	-	-
Egypt, net - - - - -	52	-	-	-	-	-	-
Burma, net - - - - -	-	-	605	1,518	720	1,550	824
Arrear charges - - - - -	(a) 1,230	-	-	-	-	-	-
	17,156	16,149	19,134	18,540	18,300	19,480	19,047

(a) Payment of a million sterling to the English Exchequer.

115. The period included in the above figures is that during which the measures recently taken for the increase of the strength of the Army have been in operation.

The total cost of this increase of the Army may be stated, upon a comparison of Budget Estimates, as follows:—

	Rx.
Budget for 1884-85 - - - - -	11,190,000
Budget for 1887-88 - - - - -	12,440,000
Difference - - - - -	<u>1,250,000</u>

The standard of expenditure before that increase may be seen from the figures of 1883-84 and 1884-85.

The details of the increase work up to a larger amount, and are, in a general way, as follow:—

1. Augmentation:	Rx.
British troops (10,600) - - - - -	603,000
Native troops (19,000) - - - - -	521,300
2. Increased Privileges and Pay:	
British troops (mostly exchange) - - - - -	273,900
Native troops (mostly good-conduct pay and hutting-money) - - - - -	73,300
Volunteers and pensioners - - - - -	17,600
3. Malt liquor purchased in India instead of in England -	224,400
4. Remounts from Australia (increase) - - - - -	31,400
5. Better pension rules - - - - -	10,000
Total - - - - -	<u>1,754,900</u>

The excess of this amount over the Rx. 1,250,000 may be described as due in about equal parts to economies introduced under other heads of the accounts, and to the fact that the intended measures have not as yet reached their full development. It was stated last year that, out of Rx. 657,000 of this expenditure still remaining to be undertaken on 1st April 1887-88, Rx. 345,000 had been entered in the Estimates of 1887-88, and Rx. 312,000, therefore, still remained to be undertaken after the close of that year.

116. For 1887-88 the Budget Estimate of expenditure on the Army in India stood at,—

	Rx.
Ordinary Account, net - - - - -	12,440,000
Burma Account - - - - -	720,000
Total - - - - -	<u>13,160,000</u>

As the figures now stand, they are,—

	Rx.
Ordinary Account, net. - - - - -	12,593,000
Burma Account - - - - -	1,550,000
Total - - - - -	<u>14,143,000</u>

The increase under the first head may be described as mainly due to the following causes: (1) special purchases of transport which were made during the cold weather; (2) the augmentation made in the establishment of British troops having been effected somewhat more quickly than anticipated; and (3) the expedition undertaken at the end of the year in the Sikkim territory.

117. As regards Burma, the Estimates provided for only Rx. 720,000 of expenditure, but before many months had passed it became obvious that the original intentions of Government as to withdrawing the forces could not be carried out,

out, and that it would be necessary to continue operations upon a larger scale than the Estimates provided for. An additional grant of Rx. 280,000 was made for this purpose, and a further amount of Rx. 150,000 was given for payment of gratuity to the troops engaged in Burma, which together made up the addition of Rx. 430,000 which was announced in September last to the House of Commons as having been made to the Estimates of military expenditure.

Later in the year, the state of Burma rendered it advisable to take some active measures for a display of force near the Shan territory, and for operating with small columns in other directions. It was estimated that Rx. 200,000 would be further required for this purpose; but the latest information indicates that another Rx. 200,000 may be necessary. These additions, it will be found, bring the Burma Account up to the figure shown in the Revised Estimates.

118. The Budget Estimates of 1888-89 provide for a still further increase under the ordinary head; which is mainly due to the completion of the augmentation of the Army, but partly also to the commencement of the issue of new arms; an operation in respect of which some heavy expenditure will have to be incurred in the near future.

SPECIAL DEFENCES.

119. It will be seen that the Budget Estimates for 1888-89 provide for a very large amount of expenditure under the new head of "Special Defences." The Estimates for 1887-88 provided for only Rx. 474,600, but the Secretary of State, in a Despatch received in May last, urged more speedy progress in the works contemplated under this head. More elaborate arrangements were, therefore, made for this expenditure, and, additional grants being given for it, the expenditure has amounted to Rx. 487,100 in India, besides 57,600 *l.* in England. This English expenditure, which is mostly for armaments and torpedo vessels, would have stood at a higher figure, but for delays which will have the effect of postponing to 1888-89 part of the expenditure originally estimated to come into 1887-88. The English expenditure of 1888-89 accordingly stands at the high figure of 437,700 *l.* sterling, and we have granted Rx. 500,000 for expenditure in India.

120. I may refer to the quotation, under paragraph 11, from the speech of the Under Secretary of State, in which he explains why this expenditure is shown within the Revenue Account, instead of, as was first intended, under the category of Capital Expenditure. The whole amount of the expenditure is at present reckoned at about 930,000 *l.* in England, and Rx. 1,650,000 in India, but these figures cannot be put forward but as very rough estimates, and it is possible that the present programme may be extended.

SECTION IV.—GENERAL FINANCIAL POSITION.

121. Having concluded these observations upon the several divisions of our revenue and expenditure, I would make some remarks upon our general financial position, but that no one can be more conscious than myself how difficult it is, in Indian finance, to look very far beyond the present. Our finance is a strange blending of elements which we can regard with a feeling of certainty and confidence, and of large outlying uncertainties over which we have no control. If we look at those heads of revenue and expenditure which depend upon our own administration, we have every reason to be satisfied. Land Revenue, Salt, Stamps, Excise, Customs; all of these are elastic and progressive. Post Office, Telegraph, and Forests, all of which may be regarded as *quasi-commercial* departments, are more remunerative every year. Civil and public works expenditure are well under control. Railways afford a certain and an advancing income, and the only difficulty connected, from a financial point of view, with the account of their revenues is the vastness of their transactions, which is such that 5 per cent. increase or decrease in their earnings may make a difference of a million, each way, in our accounts.

122. These are the elements of satisfaction and of comparative certainty. On the other side, we have 8½ millions of our revenue, namely, the Opium Revenue, liable to be adversely affected, and at the present moment adversely affected, by the policy of China, and the increasing competition of other nations

to supply the Chinese demand. We are obliged, by our military position, to take a share in the policy of armament which, willingly or unwillingly, the great European nations have been driven to adopt. And finally, and more directly affecting us, is the uncertainty of silver. The fall in its value seems to be temporarily arrested, but no one can say for how long we shall have a respite from the progressive increase of our burdens which this fall has hitherto imposed upon us. The chances of famine, too, are to be regarded, though it is certain that, through the extension of railways, a new famine will be combated with very much smaller outlay of money than any former one.

123. The question of Indian finance is, therefore, the question whether, in the face of all these uncertainties, our margin is sufficiently large. And in talking of this margin I do not refer simply to the surplus of Rx. 423,000 which our Budget Account shows, before the expenditure on special defence works is charged against it. When we write of the margin we hold against special uncertainties and special expenditure, we must not reckon merely that portion of the margin which remains to us after much of the special expenditure alluded to is charged against it.

For example, we have, at present, the special burden of the Upper Burma Account, which, for 1888-89, stands as follows:—

	Rx.		Rx.
Revenues - - - -	547,000	Civil Expenditure:	
		Police - - - -	732,000
		Other Departments - -	339,000
		Military Works - - -	190,000
		Civil Works - - - -	314,000
		Irrigation - - - -	23,000
		Army Special Expenditure -	824,000
		TOTAL - - - Rx.	2,422,000

showing a net charge of about Rx. 1,875,000, all of which is within our Revenue Account. So, also, we are charging to Revenue about Rx. 178,000 for military roads on the North Western Frontier.

Reckoning these, in the sense in which we are at present discussing the financial position, to be charges against our "margin," we might write the Budget Estimates thus, somewhat rearranging the totals of the statement under paragraph 16:—

	Rx.		Rx.
Ordinary Net Revenues, excluding Upper Burma -	58,550,000	Ordinary Net Expenditure, excluding the above -	51,074,000
Upper Burma - - - -	547,000	Upper Burma - - - -	2,422,000
		Frontier Roads - - - -	178,000
		Special Defences - - - -	1,121,000
			3,721,000
			54,795,000
TOTAL - - - Rx.	54,097,000	Deficit, including Special Defences - - - -	698,000

124. If, therefore, we look only at ordinary items, we have a margin of Revenue of Rx. 2,476,000, the excess of Rx. 53,550,000 over Rx. 51,074,000. This margin is what we have to oppose to what, in European continental practice, would be called the "*Budget Extraordinaire*," namely, the special burdens and risks of famine and exchange, of defence of our frontiers and coasts, and of the conquest and settlement of our new province. In the present year, the charges of our "*Budget Extraordinaire*" are specially heavy, and (without reckoning any part of the account of Railway construction on our North-West Frontier) they absorb not only all our margin, but Rx. 698,000 in addition. The security of our present financial position depends upon our estimate of how far we may consider that, though these special burdens cost us net Rx. 3,174,000 in the particular year 1888-89, it is sufficient, on an average of years, to provide only Rx. 2,476,000 for them. The present scale of expenditure in Upper Burma and on Special Defences is practically certain of early reduction; but, although it is possible that Famine charges and Exchange may add to our expenditure as much as we are in other directions relieved of, we have adopted a high standard in measuring our financial obligations, and can point with some confidence to the recuperative power shown by our revenues, and to the fact that their natural increase, much more than any special measures of taxation, has hitherto enabled us to meet the ever-growing burdens which recent years have forced upon us.

SECTION V.—PROVINCIAL FINANCE.

125. It may be convenient in this place to enter upon a short review of the state of Provincial Finances. The new contracts with the Provincial Governments have now been in operation for one year, and the state of their Accounts and Estimates, after the close of the first year's transactions, shows very fairly how the new contracts may be expected to operate during their five years' currency. It will be borne in mind that the operation of the Provincial Contracts upon the general account is this: their Revenue and Expenditure is brought to account in the same way as general Revenue and Expenditure; but the amount by which their expenditure in any year falls short of their revenue is at once charged off the general revenue-account as if it had been spent, and remains at their credit for expenditure in a subsequent year.

REVIEW BY PROVINCES.

126. *Central Provinces*.—(Disposable Revenue, about Rx. 700,000.) The Chief Commissioner will have, on 31st March, an excess of Revenue of about Rx. 180,200 to his credit, his fixed minimum being Rx. 80,000. The scale of expenditure appears to be within the means of the current Revenue, and the Chief Commissioner is proposing to expend a considerable portion of his accumulated balances upon Public Works. As a present excess in this class of expenditure can be discontinued as soon as necessary, the position of Central Provinces finance may be described as safe, but requiring careful management.

127. *Burma*.—(Disposable Revenue, from Rx. 1,250,000 to Rx. 1,300,000.) The minimum balance in this province is Rx. 60,000, so that a considerable part of the existing balance (Rx. 116,400 upon 31st March 1888) may be described as available for expenditure. The Police expenditure is a heavy weight upon Provincial finances. A considerable improvement in Railway receipts has added to the balance at credit during 1887-88; but in the estimates of 1888-89 the increase of Police and other charges absorbs this improvement of Revenue. The balance at credit is meantime maintained, and the position is therefore a safe one.

128. *Assam*.—(Disposable Revenue, about Rx. 490,000.) With an economical measure of Public Works expenditure, the Chief Commissioner's means are sufficient for the demands upon him.

129. *Bengal*.—(Disposable Revenue, about Rx. 4,800,000.) The contract made last year imposed upon the Government of Bengal the necessity of very careful management, if not of positive economies. The Budget estimates for 1887-88 not only opened with a balance below the prescribed minimum

(Rx. 200,000), but proposed still further to trench upon it. Careful finance and prosperous revenues have largely restored its position. The revenue under Stamps (of which three-quarters goes to the Provincial share) continues to show considerable elasticity, and Excise has also so greatly improved that the Provincial Government, on its one-quarter share, has gained an advantage of nearly Rx. 24,000. Bengal Railways have, during 1887-88, contributed an unexpectedly large revenue.

The result of these improvements, and of enforced economies on the expenditure side, is that the financial position of Bengal is, for the time, completely re-established, and it enters upon the year 1888-89, with a balance of Rx. 150,000 to the good, in excess of the minimum it is obliged to keep in hand. According to the Budget Estimates for 1888-89 this balance will be reduced, during the year, by grants made to Local Funds in aid of Local Expenditure.

130. *North-Western Provinces.*—(Disposable Revenue, about Rx. 3,200,000.) The year 1886-87, the last of the old contract, was a very prosperous year for the North-Western Provinces account, and they found their account close with a balance of Rx. 433,800, while they had estimated for Rx. 296,400 only. The account is at present, and has for two or three years been, seriously affected by a failure of Irrigation Revenue, caused by the break-down of the Nadrai Aqueduct. The loss due to this cause is partly made up for by a special temporary grant from Imperial Revenues, but, even including this special grant, the revenue received by the Provincial account has been, in 1887-88, about Rx. 35,000 worse than anticipated. On the other hand, there has been a fair improvement under the Principal Revenue heads; though not enough to make up for the loss under Irrigation.

The North-Western Provinces Government has, in 1887-88, spent a part of its excess balances in Railway construction and in increasing the grants to Local Funds, a kind of expenditure which, within certain limits, can be reduced when necessary. It proposes to continue the same policy in 1888-89; and for that year its estimates are safe. But after 1888-9 its present scale of expenditure is dependent upon its receiving improvements in its revenue. If its Irrigation Revenue is restored within a year or two, it will be in easy circumstances; but apart from this consideration, it is, on its present scale of expenditure, making full use of its assigned revenues.

131. *Punjab.*—(Disposable Revenue, Rx. 1,580,000.) The account at present shows only a small scale of improvement of Revenue, and the Revenue is only enough to meet the expenditure. There is at present a small excess in the balance, which is Rx. 70,000 in excess of the fixed minimum, and this for the present affords a small margin on which to work. As Land Revenue Settlement is going on actively in the province, and as the Punjab gets 40 per cent. of any increase of Land Revenue, it is not unlikely that it may find, in increases of Land Revenue, a means of more easily meeting the demands for expenditure that are made upon it.

132. *Madras.*—(Disposable Revenue, Rx. 2,700,000.) The contract with the Government of Madras was based upon a moderate estimate of Land Revenue, as the Land Revenue of that province is much more liable to be affected by vicissitude of seasons than that of any other part of India. The season 1887-88 has been and promises to be favourable, and Madras has secured under this head a considerable advance of Revenue. Stamps and Excise Revenue have also advanced, and under these three heads and Assessed Taxes (which appear to have been estimated too moderately) the Provincial Revenues of Madras have been, in 1887-88, about Rx. 109,000 in excess of the estimate at which they were assigned. But part of this improvement may, as just stated, disappear in a bad season, by short collections of Land Revenue.

The very favourable year 1886-87, combined with economical management of its finances, left Madras with the very high balance of Rx. 433,700 with which to commence the new quinquennial period. It has taken advantage of this high balance to seek a long-postponed reform, in the reorganization of its Subordinate

Subordinate Revenue Service, which will involve an annual expenditure of Rx. 50,000, but will ultimately, it is not unlikely, result in an improvement of Revenue.

Only a moderate extension of expenditure having been incurred in 1887-88, the year will finish with a balance of about Rx. 58,500 in excess of the amount in hand in the beginning of the year; but, as in 1888-89 the Madras Government will have to meet the expenditure upon improved establishments already mentioned, and proposes also to enhance its grants for Public Works and for Irrigation, the balance is estimated to be somewhat reduced by the year's operations. It will still, however, stand at the very high figure of Rx. 455,300 (the minimum being Rx. 200,000), and this margin affords ample security both for continuing the higher scale of expenditure now entered upon, and against the chances of a bad Land Revenue year.

133. *Bombay*.—(Disposable Revenue, Rx. 2,900,000.*) The contract made with Bombay in 1882 was a very favourable one, and became still more favourable through the large increases of revenue which accrued in that wealthy Presidency. The result was that, notwithstanding considerable increases of expenditure under Education and other heads, the account of the Provincial Government closed at the end of 1886-87 with the very high balance of Rx. 548,900. This high balance the Government of Bombay are utilizing for Public Works Expenditure, and, having during the two years 1887-88 and 1888-89, increased, by Rx. 128,000 and Rx. 145,000 respectively, the rate of expenditure (Rx. 293,000) which was fixed, after the Finance Committee's investigations, as the necessary minimum, they will, it is estimated, reduce the balance, by the end of 1888-89, to Rx. 318,200, still considerably in excess of the fixed minimum of Rx. 200,000.

Apart from the high balance which is thus being disposed of, the Revenues have also considerably increased. Land Revenue steadily advances, Stamps and Excise show considerable increase, and Assessed Taxes have also produced a higher income than anticipated. The Revenue Account of the Provincial Government stands, on the whole, at nearly Rx. 80,000 higher than it did a year ago. Part of this improvement in its resources the Provincial Government has assigned for increases in its expenditure, but the financial position is, on the whole, extremely flourishing.

134. There is therefore no one of the Provincial Governments which has not revenue enough for its present scale of expenditure, or rather, which has incurred any permanent obligations as to expenditure, which are beyond the scale of its revenue. Moreover, all the principal ones have balances which they are seeking the means of profitably expending. Their position is in curious contrast with that of the Imperial Government. But, though the Imperial Government may for the time envy the Provincial Governments in their possession of assured revenues and high balances, it should be borne in mind that these ample revenues have been created by the provincial system, and would not have existed but for the assignment to the Provincial Governments of their share in the improvement of them.

SECTION VI.—CAPITAL EXPENDITURE OF GOVERNMENT.

135. It will be appropriate in this place to give some account of the Capital Expenditure on construction of Railways and Irrigation Works, which, in the Statements of expenditure, are shown "under the line," that is, as carried on out of funds supplied by borrowing.

The

The Budget and Revised Estimates for 1887-88 compare as follows:—

	1887-88.		1888-89.
	Budget.	Revised.	Budget.
	Rx.	Rx.	Rx.
State Railways:			
India - - - - -	2,435,900	2,145,600	2,062,800
England - - - - -	1,355,000	1,140,000	973,000
Exchange - - - - -	503,300	478,800	408,700
Irrigation:			
India - - - - -	700,000	592,900	600,000
England - - - - -	—	7,000	—
Exchange - - - - -	—	2,900	—
TOTAL. - - Rx.	4,994,200	4,367,200	4,044,500
Deduct refund by the Bengal-Nagpore Company - - - - -	—	1,390,400	—
Net - - Rx.	4,994,200	2,976,800	4,044,500

From these figures it will be seen that the programme of expenditure laid down for 1887-88 has been fairly adhered to, though the large refund from the Bengal-Nagpur Company, on their taking over the Nagpur-Chhattisgarh Line, alters largely the total appearing under the head of Capital Outlay.

136. The following are the main items included in the Railway figures:—

RAILWAYS.	Revised Estimate, 1887-88.	Budget Estimate, 1888-89.
	Rx.	Rx.
Open Lines:		
Rajputana-Malwa - - - - -	170,900	—11,000
Eastern-Bengal - - - - -	243,500	22,300
North-Western - - - - -	780,500	111,000
Cuddapah-Nellore - - - - -	85,679	7,700
Lines under Construction:		
Toungboe-Mandalay - - - - -	1,053,800	733,200
Assam-Bihar - - - - -	229,750	308,000
Bellary-Kistna - - - - -	405,000	25,000
Bevrada-Hyderabad-Frontier - - - - -	115,400	52,000
Sind-Pishin - - - - -	231,050	301,560
Chaman Extension - - - - -	138,800	536,600
Bolan (High Level line) - - - - -	194,730	64,500
Frontier Reserve Stores - - - - -	42,652	—12,400
Chenab Bridge - - - - -	10,600	181,000
Sind-Sagar (Western Section) - - - - -	227,050	250,500
Sulej Bridge - - - - -	77,170	20,000
Sealkote-Jummoo - - - - -	—	32,500
Metre gauge Rolling-Stock, Plant, and Permanent-way material, to be taken over by Government from the Bengal-Nagpur Railway, on completion of conversion to standard gauge - - - - -	—	200,000

Rajputana-Mulwa.—There has been a large accumulation of stores during 1887-88, chiefly of coal and other supplies from England, which will, it is expected, be utilised during 1888-89. The greater portion of the charge to Capital in 1887-88 is due to this cause. The balance of the expenditure was chiefly incurred on land and additional Rolling-Stock found necessary.

Eastern Bengal.—The bulk of the expenditure during 1887-88 has been incurred in providing additional Rolling-Stock and Steamers, which the increasing traffic has rendered necessary, in completing the Kidderpore dock line, doubling the Chitpore line, re-modelling the Chitpore yard, and constructing the Chitpore over-bridge, all required for working the growing traffic. In 1888-89, the proposed expenditure is chiefly to provide additional waterway to make the line safe against floods and some additional stock. Additions to workshops and offices are also contemplated.

North-Western.—The expenditure during 1887-88 is chiefly on additional stock for the North-Western system, and improving the gradients on the Punjab Northern Section. The estimate also includes the cost of a large quantity of permanent way material for renewals received from England too late in the year to be laid before the 31st March. This material will be issued to Revenue in 1888-89, and the credit has been provided for in the Budget Estimate. The expenditure proposed for 1888-89 is chiefly on the improvement of gradients on the Punjab Northern Section, the Sukkur Bridge, and on additional sidings, crossing stations, and watering arrangements, to bring the line up to the standard required to meet the traffic that will pass over this line in the event of military operations beyond the frontier.

Cuddapah-Nellore.—The funds allotted are required to complete the works on this line.

Toung-hoo-Mandalay, and Assam-Bihar.—The funds allotted will practically complete these lines by the close of 1888-89.

Bellary-Kistna.—This line has been transferred to the Southern Mahratta Railway Company as from 1st January 1888. Under the terms of the transfer the State has to bear all expenditure incurred up to the 31st December 1887, and all liabilities outstanding on that date. Provision has been made accordingly in the estimates.

Bezvada-Hyderabad-Frontier.—The funds allotted will complete this line.

Sind-Pishin.—The grants provide for the completion, by the close of 1888-89, of all works now considered necessary.

Chaman Extension.—Provision has been made for this work being vigorously pushed on during 1888-89. The bulk of the expenditure in 1888-89 will be incurred on the tunnel.

Bolan (High Level Line).—Funds have been allotted to admit of the completion, during the coming year, of the section at present sanctioned.

Frontier Reserve Stores.—The estimates provide for the supply and collection of the material which Government has decided to retain as a reserve. The credit in 1888-89 is due to the issue of stores to the Chaman Extension.

Chenab Bridge at Ramawalla.—Only preliminary operations have been carried out during 1887-88, but the Budget of 1888-89 provides for work being vigorously pushed on.

Sind-Sagar (Western Section).—The grants will practically complete this line. The expenditure proposed for 1888-89 is chiefly in equipping the line with Rolling Stock.

Sutlej Bridge (Ferozepore).—The grants provide for the completion of the bridge. Some further expenditure on training works may hereafter be found necessary.

Sealkote-Jummoo.—The grant for 1888-89 provides for the completion of the section of this line which lies in British territory. That within Jummoo territory will be constructed, at the same time, by the Durbar.

Bengal-Nagpur.--Under the terms of the contract with the Bengal-Nagpur Railway Company, the State is bound to take over, from the Company, the metre gauge stock, plant, and materials, of the Nagpur-Raj Nandgaon Section (formerly known as the Nagpur-Chhattisgarh State Railway) on the completion of the conversion of that section from metre to broad gauge. The value of the material is estimated at Rx. 200,000. This material will be utilised or disposed of hereafter as opportunity offers.

137. Among the Irrigation grants, the only large works are the Nadrai Aqueduct upon the Lower Ganges Canal (*see* paragraph 105), which it is hoped to complete by October 1889, the completion of the Orissa Canals, and of the Kistna Delta System, and the Periyar Project in Madras. This last is a project for conveying eastward, into the Madura District, a stream which at present flows westward, and it includes a tunnel through the hills which at present form the watershed. The remaining works are mostly developments of existing irrigation systems.

SECTION VII.—WAYS AND MEANS—HOME TREASURY.

138. The Secretary of State's estimates of the transactions at the Home Treasury for 1887-88 were as follows:—

NET RECEIPTS.	Budget.	Revised.
	£.	£.
Council Bills - - - - -	16,250,000	15,250,000
Receipts from Railway Companies for Capital Expenditure	3,772,800	7,166,700 (a)
Deposits and Advances - - - - -	5,900	— 900
Add Opening Balance - - - - -	2,077,100	3,280,800
TOTAL - - - £.	22,105,800	25,696,600
NET OUTGOINGS.		
Excess of Expenditure over Revenue - - - - -	14,632,100	15,216,200
Capital Expenditure of Government in England - -	1,421,300	1,147,000
Issues to Railway Companies for expenditure - - -	2,755,800	2,716,600
On account of Remittances from India - - - - -	1,125,300	1,000,500
Add Closing Balance - - - - -	2,171,300	5,614,300
TOTAL - - - £.	22,105,800	25,696,600

(a) £. 2,000,000 of the amount shown in the Budget Estimate was received between the settlement of those Estimates and 31st March 1887, and therefore came into the accounts of 1886-87. The amount, however, is included here for purposes of comparison as if it had come in after 31st March, the opening balance being altered correspondingly.

AIDED RAILWAY COMPANIES.

139. The Secretary of State's operations are at present greatly influenced by the transactions arising in connection with the Railway Companies. During the year 1887-88 it will be seen that the receipts of capital subscribed by them were greatly in excess of the original estimates. This was mainly under the following heads:—

	Original Estimate.	Revised Estimate.
	£.	£.
Indian Midland - - - - -	105,000	1,093,500
Southern Mahratta - - - - -	300,000	1,133,250
Bengal-Nagpore - - - - -	1,000,000	2,338,400
Bengal Central - - - - -	—	250,000
	1,405,000	4,815,150
Excess - - -		3,410,150

These great differences partly arose out of new arrangements entered into after the Budget Estimates were compiled; and partly from the fact that the companies arrange their raising of capital more with reference to the state of the money market than with reference to their immediate prospects of expenditure.

The present condition of the operations of these companies is as follows:—

140. The Indian Midland Company had paid up 2,896,500 l., and spent Rx. 2,270,000 by the end of 1886-87; an operation which, at the contract rate of exchange, leaves them with a balance to credit of Rx. 1,350,000. The funds which the company estimate they will require for their expenditure are as follows:—

	In England.	In India.
	£.	Rx.
1887-88 - - - - -	898,400	1,393,700
1888-89 - - - - -	635,000	1,500,000

and, as they estimate to raise a little over 1,000,000 l. in each year, they will considerably overspend their capital.

141. A great part of the extra capital of the Southern Mahratta Railway has been raised in connection with the recent transfer to them of the Bellary-Kistna Railway. They do not pay up any of the capital already spent by Government, but they undertake to complete the line, and they have raised the capital necessary to do so.

Their estimates of expenditure, including the Mysore Railway, are:

	In England.	In India.
	£.	Rx.
1887-88 - - - - -	203,200	790,000
1888-89 - - - - -	241,000	958,800

and they propose to raise 500,000 l. in 1888-89.

142. The Bengal-Nagpur Railway Company was formed towards the end of 1886-87, the initial capital being 3,000,000*l.* Of this amount they paid to Government about Rs. 1,390,000 for the existing Chhattisgarh State line and work done on the extension of it, and they have been actively spending money on construction during the last half of 1887-88. They will have paid up about 4,000,000 *l.* of capital by the end of 1887-88, and of this Rs. 2,800,000 will have been spent, including the above Rs. 1,390,000.

Their estimates of expenditure are :

	England.	India.
	£.	Rr.
1887-88 - - - - -	593,000	1,965,500
1888-89 - - - - -	871,000	1,500,000

These will only a little more than exhaust the capital at their credit on 31st March 1888. They propose, however, to raise a further amount of capital of about 1,032,700 *l.*

143. The Secretary of State, having to make payments of over 1,500,000 *l.* during the first week of April, requires to finish the financial year with a cash balance of at least 2,000,000 *l.* This, it will be seen, was the result aimed at in the Budget Estimates, but the receipts of railway capital altogether altered the position in this respect, and the Secretary of State, notwithstanding the reduction from 16,250,000 *l.* to 15,250,000 *l.* of his demands in the shape of council bills, will end the year with a cash balance of about 3,500,000 *l.* in excess of the required amount. This excess, which is ordinarily lent at interest in the London market, represents funds which will be drawn upon in 1888-89 by the railway companies in England and in India for their capital outlay.

COUNCIL BILLS.

144. The following is the Secretary of State's Budget Estimate of Ways and Means for 1888-89, made up in the same form as above, the transactions being, as before, necessarily governed by the estimates of receipts and payments on account of the railway companies :—

NET RECEIPTS.	£.
Council Bills-- - - - - -	14,000,000
Receipts from Railway Companies for Capital Expenditure.	2,653,800
Deposits and Advances - - - - -	4,500
Add Opening Balance - - - - -	5,614,300
TOTAL - - -	22,272,600
NET OUTGOINGS.	
Excess of Expenditure over Revenue - - -	15,028,700
Capital Expenditure of Government in England - -	973,000
Issues to Railway Companies for Expenditure - -	2,901,300
On account of Remittances from India - - -	1,091,200
Add Closing Balance - - - - -	2,278,400
TOTAL - - -	22,272,600

145. It will be observed that the Secretary of State proposes to draw 14,000,000 *l.* of council bills during the year, and does not propose to raise any new funds by sterling loans. It will be fully understood that, in stating these as the present intentions of the Secretary of State, no sort of pledge is given that he

he will adhere to the programme thus explained, and he remains absolutely at liberty to raise money either by bills or by loans, from time to time, as he deems expedient.

There will be two operations on the money market, namely, the settlement of the remainder of the 4 per cent. Sterling Stock (about five millions), and the purchase of the Oude and Rohilkund Railway under the terms of its contract (an operation of over 10 millions). but these transactions do not enter the above account.

SECTION VIII.—WAYS AND MEANS—INDIA, 1887-88.

146. The following figures compare the Budget Estimate of Ways and Means of 1887-88 with the Revised Estimates :—

	Budget.	Revised.
NET RECEIPTS.		
	Rx.	Rx.
1. Excess of Revenue in India over the Expenditure charged against it.	20,083,600	18,590,300
2. Public Loan - - - - -	2,000,000	1,934,000
3. Loan from the Gwalior State - - - - -	3,500,000	3,500,000
4. Increase of Unfunded Debt, mostly Savings Bank Deposits.	713,100	922,100
5. <i>For Remittance to Secretary of State</i> - - -	1,032,000	982,300
Add Opening Balance - - -	13,016,600	13,195,800
Rx.	40,345,300	39,124,500
NET OUTGOINGS.		
6. Expenditure charged to Provincial Balances - -	759,600	—27,700
7. Capital Expenditure of Government in India - -	3,519,600	1,348,100
8. Loans to Municipalities, &c. (chiefly the Calcutta and Bombay Dock Loans).	677,200	422,500
9. Other items (a) - - - - -	325,400	—344,700
10. <i>Issues on Capital Account to Railway Companies, against Receipts in England.</i>	1,673,200	3,165,000
11. Council Bills— <i>Sterling Account</i> - - - - -	16,250,000	14,691,100
12. " " Exchange - - - - -	6,035,600	6,137,100
Add Closing Balance - - -	11,104,700	13,733,100
Rx.	40,345,300	39,124,500

The transactions recorded in *italics* are connected with, and explained by, the corresponding figures of the Secretary of State's Account in England. The others are purely Indian transactions.

(a) The explanation of this is omitted, as it would be of a highly technical character. It arises to a very large extent out of the exchange entries that are necessary in charging off exchange upon the English expenditure, and in connection with railway companies and other remittance accounts.

147. The first entry shows the result of the falling-off in opium and railway revenue, and of the excess of military expenditure in Burma, and the transfer to expenditure of the special defences charges, which, in the Budget, were taken under Head 7. The remaining accounts on the receipt side show little variation from Estimate.

148. On the outgoing side, the main departures from Estimate are explained by the alterations which have been explained in dealing with railway companies' transactions. The figures may be explained thus :—

	Capital Expenditure.	Railway Companies.	Council Bills.
Budget Estimate - - - - -	3,519,600	1,673,200	16,250,000
Transfer of Special Defence Works to Revenue Account - - - - -	-383,700	—	—
Bengal-Nagpur Company's Purchase of existing Railway - - - - -	-1,390,400	+1,390,400	—
Bengal-Nagpur Company's further transactions	-	+575,100	—
Reductions of Drawings by one million - -	-	-	-1,000,000
Further reduction of demand by cessation of Telegraphic Drawings, about - - -	-	-	-550,000
Result - - - - -	1,745,500	3,638,700	14,700,000
Compare actual outturn of Revised Estimates	1,348,100	3,165,000	14,691,100

149. The loans were, as usual, estimated to be sufficient to carry us over the low period of balances, November and December, with a cash balance of about Rx. 8,000,000. The Secretary of State's drawings, during the first four months of the year, were very considerable, 6,090,729 l.=Rx. 8,649,500 having been allotted during that time, and Rx. 7,820,300 having been paid in India. The rate of both allotments and payments fell off during the next four months, the total, up to the end of November, being Rx. 13,432,300 allotted, and Rx. 12,277,800 paid in India. The payments thus fell short of the drawings by Rx. 1,154,500, a circumstance due for the most part to the fact that the proportion of telegraphic drawings greatly fell off.

We were meantime receiving the proceeds of the two loans indicated as Nos. 2 and 3 in the above statement of account, the receipts being in the first case completed in September, and, in the second, in the beginning of November.

The balances therefore were unusually easy, and never fell below Rx. 10,000,000.

RUPEE LOAN OF 1887-88.

150. The public loan of 200 lakhs was issued upon 5th July, and tenders were received upon 2nd August. The total amount tendered was Rx. 4,538,580, of which the following were accepted :—

	Rx.
At minimum accepted rate of ₹ 97.4 (52 per cent.) - - -	235,800
Above said rate - - - - -	1,764,200
	<u>2,000,000</u>

The actual receipts being Rx. 1,948,511, or an average rate of ₹ 97.6.10 per ₹ 100.

GWALIOR LOAN.

151. Of the Gwalior Loan the terms were arranged with the Council of Regency as follows :—

(1.) The amount received, which was mostly in Gwalior and Chandori rupees, to be credited at their bullion equivalent, ₹ 1 for every 165 grains pure silver, without deduction of seignorage or melting charges.

(2.) The

(2.) The amount to bear interest at 4 per cent. per annum, payable half-yearly.

(3.) The loan to be repaid in annual instalments of 12 lakhs each, commencing when the present Maharaja is invested with full powers of administration.

A small portion of the loan was received in Government rupees at the Agra Treasury, but the rest was brought down to the Calcutta Mint in four successive remittances. So uniform did the Mint find the standard of the coinage to be, that it was found possible so to alligate the numbers of Gwalior rupees (which are above British Indian standard) and of Chandori rupees (which are below it) that silver of rupee standard was produced with a single melting; and, after the whole operation was over, the amount received in remittance was found to fall short of the bullion required for the standard outturn in Government rupees by Rs 5,967 only.

The settlement of the Interest Account up to date was made on 1st February 1888, by a payment to the Council of Regency of about Rs. 75,000, and Rs. 70,000 (seven lakhs) will be paid every 1st February and 1st August hereafter.

152. It seems desirable to take this opportunity of explaining how this loan affects the finances of the Gwalior State. The revenue of that State has for a long time largely exceeded the expenditure, and in fact it is this excess which is represented in the silver which the late Maharaja Sindia left hoarded in his palaces. The present Council of Regency have entered upon an enlightened policy of administration, which will involve considerable additions to the expenditure of the State; but their reforms would certainly border upon recklessness, if there were any chance of their immediately not only absorbing the whole of the present surplus of revenue, but also trenching upon the accumulations of the past. In investing these accumulations in a loan to the Government of India, the Council of Regency, therefore, have not given up out of their possession a single rupee which there was any chance of their being able to devote to the benefit of the Gwalior State itself. The interests of expenditure being already amply secured by the existing surplus of revenue, the Council had before them the choice between leaving the hoards lying absolutely unproductive in the palaces or fort of Gwalior, and lending them, so as to produce a still further surplus of revenue, of several lakhs a year. There can be no doubt which of these two courses will add most to the wealth and prosperity of the State, and to the means at the disposal of the Maharaja's Government. The conditions which the Council have made for the repayment of the amount ensure the return of the money to the Treasury of the State long before there can be any claim upon it on account of local needs; and meantime the local revenues will have received a handsome addition from the interest arising out of the investment.

INDIAN SAVINGS BANKS.

153. Our borrowing transactions at present obtain no inconsiderable supplement from the operations of the savings banks and allied institutions.

The Indian savings banks date from 1833, when they were opened in the presidency towns of Calcutta, Madras, and Bombay. The Madras and Bombay Banks gradually extended their operations into the interior of their respective presidencies through the agency of the various Government Treasuries. The Calcutta Bank did not achieve similar results, and accordingly, in 1870, arrangements were made for establishing district savings banks at the district treasuries in the Bengal Presidency and in Burma and Berar. A further development of the system occurred in 1882, when Post Office savings banks were introduced. These have rapidly advanced in public estimation, and have now superseded the older institutions, so far as the district treasuries are concerned. There now exist, therefore, outside the three presidency towns only the postal banks. In 1886 these began to receive and repay deposits at rural post offices, thereby carrying encouragement to thrift into tracts of country where these had never been known before.

While the wants of the general public were being provided for in this way, the Government opened, in 1859, military banks for its European non-commissioned officers and soldiers, and in 1879 provident institutions for the employes of State railways. In 1884 the Civil Engineers' Provident Fund was commenced, and it has since been opened to officers of the Telegraph Department.

The following figures show the progress of these banks since the Mutiny of 1857:—

YEARS.	Total Deposits.	Total Withdrawals.	Total Balances.
	Rx.	Rx.	Rx.
1857-58 - - - - -	228,400	159,700	389,800
1860-61 - - - - -	327,600	311,900	623,700
1865-66 - - - - -	380,400	362,700	633,800
1870-71 - - - - -	674,100	605,100	1,150,000
1875-76 - - - - -	737,500	653,400	1,895,500
1880-81 - - - - -	2,044,800	1,114,000	3,213,700
1885-86 - - - - -	3,772,200	3,378,100	5,081,200
1886-87 - - - - -	5,330,700	4,616,400	5,795,500
1887-88, Revised Estimate - - - - -	4,440,400	3,570,800	6,665,100
1888-89, Budget Estimate - - - - -	4,949,300	4,162,900	7,451,500

To the figures thus estimated, we have to add the probable transactions of the Uncovenanted Service Funds and a few smaller amounts, and these give us the net receipts shown under "Unfunded Debt" in our statements.

CALCUTTA AND BOMBAY DOCKS.

154. The eighth item in the above list of transactions refers to the arrangement under which the Government are finding funds for the Kidderpore Dock works at Calcutta, and the extension of docks at Bombay. The former of these projects was estimated to cost, when complete, Rx. 2,750,000, and the latter, Rx. 940,000; but, the port trustees not being able to obtain money in the Indian money market on sufficiently favourable terms, an arrangement was made whereby the Government raises the money for them, and advances it on condition of receiving the same rate of interest which it has to pay (a little over 4 per cent.), and of having an additional 1 per cent. put aside as a sinking fund in repayment.

The advances made by Government to the port trustees of Calcutta and of Bombay, on account of their dock works, have been as follows:—

Advances.	Calcutta.	Bombay.
	Rx.	Rx.
Till end of 1886-87 - - - - -	560,500	511,800
In 1887-88 (a) - - - - -	300,000	300,000
TOTAL - - - Rx.	860,500	811,800

(a) Partly estimate.

In

In 1888-89 the trustees will, it is estimated, require funds as follows:—

	Calcutta.	Bombay.
	Rx.	Rx.
1888-89 - - - - -	449,000	75,000

SECTION IX.—WAYS AND MEANS—INDIA, 1888-89.

155. It remains to estimate for the Ways and Means of 1888-89. We have already dealt with the separate items which enter into this Estimate, the excess of revenue over expenditure in India, the provision required for capital expenditure, of Government, of railway companies, and of the port trusts of Calcutta and Bombay, and the demands of the Secretary of State on account of Council drawings.

NECESSARY CASH BALANCES.

156. It is necessary to explain in a few words the principle which regulates our calculation of Ways and Means in India. Our receipts of revenue, and some of our other transactions, are very unevenly distributed through the year. The four months, January to April, embrace a very heavy revenue period, during which, notwithstanding heavy payments of Council bills, our cash balances continually increase; and during May and June the revenue is still good enough to maintain the high figure. But during the next five months, and especially August, September, and October, the revenue receipts fall far short of the demand on the treasuries, and the balances run down quickly, even when we are receiving the proceeds of a loan. December is the month during which the balances are ordinarily at their lowest point.

Now, many years of experiment have shown us that the amount below which we may not suffer our balances to fall is 800 lakhs (Rx. 8,000,000). Our daily transactions average about 50 lakhs (Rx. 500,000) of receipts and the same amount of outgoings, and we have to provide for them at somewhat over 200 treasuries, and about four times that number of sub-treasuries. There is no system of Treasury bills as in England, and little borrowable capital, to carry us over a temporary deficit; we have to keep our own money ready to meet the demands upon us.

Our Ways and Means Estimates are, therefore, so regulated that we may be sure of having, in the months of November and December, the necessary minimum of 800 lakhs. A slackness of Council-bill drawings, or other causes, may result in our tiding over the low period with ease, and with a margin over the fixed minimum; but we cannot afford in any case to go below it.

PROPOSED RUPEE LOAN.

157. We estimate that we will require a loan of Rx. 3,000,000 to carry us over the year, but, as in the case of the English Account, no pledge can be given either as to the amount of the loan, or the time when it will be issued, or the conditions which will attach to it.

158. The Estimate accordingly, made up in the same form as in paragraph 146, stands as follows:—

NET RECEIPTS.	
Excess of Revenue in India over the Expenditure charged against it- - - - -	20,642,800
Public Loan - - - - -	3,000,000
Increase of Unfunded Debt, mostly Savings Bank Deposits - - - - -	845,300
For Remittance to Secretary of State - - - - -	1,020,700
Add Opening Balance - - - - -	13,733,100
	39,241,900
NET OUTGOINGS.	
Expenditure charged to Provincial Balances - - -	483,600
Capital Expenditure of Government in India - - -	2,662,800
Loans to Municipalities, &c. (chiefly the Calcutta and Bombay Dock Loans) - - - - -	486,800
Other items - - - - -	472,500
Issues on Capital Account to Railway Companies against Receipts in England - - - - -	2,895,900
Council Bills— <i>Sterling Account</i> - - - - -	*14,548,500
" Exchange (at Rx. 42 per 100 L.) - - -	6,110,400
Add Closing Balance - - - - -	11,581,400
	39,241,900

* Allowing for an excess of payments against the deficiency in 1887-88.

It will be seen that, in addition to the ordinary capital expenditure of the Government of India, we have unusually heavy payments for loan works and to railway companies. We begin the year with a strong balance, and estimate to finish it with a sufficient one.

SECTION X.—SUMMARY.

159. I summarise the various points in this Financial Statement as follows:—

(a) The accounts of 1886-87 close with a surplus of Rx. 178,427, even after charging off the special defence works. The revenue was much better than the Revised Estimates, and the excess amply covered an excess of army expenditure, besides meeting the charges for special defence works.

(b) The Revised Estimates of 1887-88 show a deficit of Rx. 2,437,800, to which must be added the charges of Rx. 568,900 for special defence works. This depreciation is mainly due to an exceptional charge of Rx. 1,059,000 arising in connection with the conversion of the 4 per cent. Sterling Loan into 3½ per cent.; to further fall of silver, and consequent increase of exchange charges by about Rx. 710,000; and to heavy military expenditure, Rx. 830,000, in excess of Budget Estimate, in Upper Burma. The losses of opium and of railway revenue have been made up by improving revenue under other heads, and saving in expenditure.

(c) The Budget Estimates for 1888-89 show a financial position closely approximating to that explained on 27th January. The surplus in the Estimates, apart from the special defence expenditure, is Rx. 423,000. As compared with the statement of 27th January, there is considerable increase in the expenditure on the Army, but the improvements in revenue are sufficient to make up for it. Upper Burma continues to require high expenditure, both under Police and under Army.

The special defences expenditure, however, is to be vigorously pushed on, and anticipated charges of Rx. 1,121,000 under this head (about Rx. 370,000 more than was put down on 27th January as the annual demand) convert the surplus of Rx. 423,000 into a deficit of Rx. 698,000.

(d) For

(d) For capital expenditure on railways and irrigation, Rx. 4,367,200 will be spent in 1887-88, and Rx. 4,044,500 is provided for 1888-89. The largest items are the Mandalay Railway and the railways on the North Western Frontier.

The Bengal-Nagpur, the Indian Midland, and the Southern Mahratta Railway Companies have, during 1887-88, extended their arrangements with the Secretary of State, and are all engaged in active railway construction.

(e) The Secretary of State proposes to draw, during 1888-89, for 14,000,000 *l.* of Council bills. He does not propose to raise any sterling loan.

(f) The Government of India propose to raise a rupee loan of Rx. 3,000,000, of which Rx. 524,000 is required for the dock works at Calcutta and Bombay.

26 March 1888.

J. Westland.

A P P E N D I C E S.

APPENDIX I.

ACCOUNTS AND ESTIMATES.

ACCOUNTS	-	-	-	-	-	1886-87.
REVISED ESTIMATES	-	-	-	-	-	1887-88.
BUDGET ESTIMATES	-	-	-	-	-	1888-89.

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**GENERAL STATEMENT of the ACCOUNTS and ESTIMATES of the
GOVERNMENT OF INDIA,**

	For Detail, vide Statement.	R E C E I P T S.			
		Accounts, 1886-87.	Budget Estimate, 1887-88.	Revised Estimate, 1887-88.	Budget Estimate, 1888-89.
REVENUE :					
Principal Heads of Revenue :		<i>Rx.</i>	<i>Rx.</i>	<i>Rx.</i>	<i>Rx.</i>
Land Revenue - - - - -	-	23,055,724	22,937,600	22,982,900	23,090,500
Opium - - - - -	-	8,942,976	8,893,300	8,544,200	8,453,900
Salt - - - - -	-	6,657,644	6,604,600	6,723,100	8,122,500
Stamps - - - - -	-	3,751,280	3,716,200	3,848,100	3,854,400
Excise - - - - -	-	4,375,174	4,225,400	4,503,100	4,609,500
Other Heads - - - - -	A.	7,699,333	7,751,600	7,954,300	8,061,600
TOTAL, PRINCIPAL HEADS - - -	"	54,482,131	54,128,700	54,555,700	56,212,400
Interest - - - - -	"	670,548	686,500	749,200	656,300
Post Office, Telegraph, and Mint - - -	"	2,027,482	2,025,300	2,186,600	2,131,300
Receipts by Civil Departments - - - -	"	1,461,658	1,425,300	1,419,500	1,424,000
Miscellaneous - - - - -	"	848,274	1,177,000	1,349,900	1,166,200
Railways - - - - -	"	14,477,759	14,892,500	14,412,800	15,184,700
Irrigation - - - - -	"	1,656,705	1,688,000	1,706,800	1,758,700
Buildings and Roads - - - - -	"	727,574	539,500	566,200	555,100
Receipts by Military Departments - - -	"	985,003	897,400	979,000	921,800
TOTAL REVENUE - - - -	-	77,337,134	77,460,200	77,926,600	80,010,500
EXTRAORDINARY RECEIPTS - - - -	-	-	-	63,700	-
DEBT, DEPOSITS, AND ADVANCES :					
Permanent Debt (net incurred) - - - -	C.	9,727,538	2,000,500	5,434,000	2,998,500
Unfunded Debt (net incurred) - - - -	"	775,845	4,213,100	922,100	845,300
Deposits and Advances (net) - - - - -	"	1,305,177	-	76,400	-
Loans to Municipalities, Native States, &c. (net Recoveries).	"	82,826	-	-	-
Remittances (net) - - - - -	"	236,551	-	948,600	-
Secretary of State's Bills drawn - - -	"	12,136,279	16,250,000	15,250,000	14,000,000
TOTAL RECEIPTS - - - -	-	101,601,350	99,923,800	100,621,400	97,854,300
Balance on 1st April—India - - - - -	-	12,754,478	13,016,578	13,195,785	13,733,085
England - - - - -	-	4,726,585	2,077,085	5,280,829	5,614,329
GRAND TOTAL - - - -	-	119,082,413	115,017,463	119,098,014	117,201,714

REVENUE and EXPENDITURE, and RECEIPTS and DISBURSEMENTS, of the
in INDIA and in ENGLAND.

	For Detail, vide Statement.	DISBURSEMENTS.			
		Accounts, 1886-87.	Budget Estimate, 1887-88.	Revised Estimate, 1887-88.	Budget Estimate, 1888-89.
EXPENDITURE:					
Direct Demands on the Revenues - - -	B.	<i>Rx.</i> 9,746,191	<i>Rx.</i> 9,650,600	<i>Rx.</i> 9,611,500	<i>Rx.</i> 9,863,000
Interest - - - - -	"	4,310,403	4,412,200	5,518,700	4,508,400
Post Office, Telegraph, and Mint - - -	"	2,145,262	2,261,500	2,256,200	2,182,200
Salaries and Expenses of Civil Departments -	"	12,693,516	13,179,700	12,897,300	13,098,300
Miscellaneous Civil Charges - - - - -	"	4,701,057	4,856,200	4,777,200	4,857,900
Famine Relief and Insurance - - - - -	"	309,020	94,500	93,300	73,200
Construction of Railways (charged against Revenue, in addition to that under Famine Insurance).	"	183,077	75,000	81,700	43,800
Railway Revenue Account - - - - -	"	15,666,427	16,481,900	16,567,100	17,299,600
Irrigation - - - - -	"	2,310,654	2,441,300	2,484,400	2,582,300
Buildings and Roads - - - - -	"	5,201,767	5,553,200	5,599,600	5,592,900
Army Services - - - - -	"	19,525,042	19,197,000	20,459,700	19,969,000
Special Defence Works - - - - -	-	325,626	-	568,900	1,121,500
TOTAL EXPENDITURE, IMPERIAL and PROVINCIAL - - - - -	-	77,123,042	78,203,100	80,915,600	81,192,100
<i>Add.</i> —Provincial Surpluses, that is, portion of Allotments to Provincial Governments not spent by them in the year.	End of B.	+316,482	-	+293,700	+9,300
<i>Deduct.</i> —Provincial Deficits, that is, portion of Provincial Expenditure defrayed from Provincial Balances.	"	-280,817	-759,600	-266,000	-493,400
TOTAL EXPENDITURE charged against REVENUE - - - - -	-	77,158,707	77,443,500	80,943,300	80,708,500
EXPENDITURE NOT CHARGED TO REVENUE:					
Capital Outlay on Railways and Irrigation Works	End of B.	5,670,484	4,994,200	2,976,800	4,044,500
Special Defence Works - - - - -	"	-	474,600	-	-
Capital Charge involved in Redemption of Liabilities	-	4,914,546	-	-	-
DEBT, DEPOSITS, AND ADVANCES:					
Deposits and Advances (net) - - - - -	C.	-	1,160,800	-	340,900
Loans to Municipalities, Native States, &c. (net Payments).	"	-	677,300	422,500	486,800
Capital of Railway Companies (net Payments) -	"	684,373	656,200	716,900	3,143,400
Remittances (net) - - - - -	"	-	85,000	-	69,300
Secretary of State's Bills paid - - - - -	"	12,177,689	16,250,000	14,691,100	14,548,500
TOTAL DISBURSEMENTS - - - - -	-	100,605,799	101,741,500	99,750,600	103,341,900
Balance on 31st March—India - - - - -	-	13,195,785	11,104,678	13,783,085	11,581,385
England - - - - -	-	5,280,829	2,171,285	5,614,329	2,278,429
GRAND TOTAL - - - - -	-	119,082,413	115,017,463	119,098,014	117,201,714
Revenue - - - - -	-	77,337,134	77,460,200	77,926,600	80,010,500
Expenditure chargeable thereon - - - - -	-	77,158,707	77,443,500	80,943,300	80,708,500
Surplus + or Deficit - - - - -	-	+ 178,427	+ 16,700	-3,016,700	- 698,000

E. Gay,
Comptroller General.

E. J. Sinker,
Officiating Secretary to the Government of India.

A.—STATEMENT of the REVENUE of INDIA, in INDIA and in ENGLAND.

HEADS OF REVENUE.	ACCOUNTS, 1886-87.					REVISED	
	India.		England.	Exchange.* 1 s. 5'441 d.	TOTAL.	India.	
	Imperial.	Provincial and Local.				Imperial.	Provincial and Local.
PRINCIPAL HEADS OF REVENUE:	<i>Rx.</i>	<i>Rx.</i>	<i>£.</i>	<i>Rx.</i>	<i>Rx.</i>	<i>Rx.</i>	<i>Rx.</i>
I.—Land Revenue	14,106,066	8,949,658	-	-	23,055,724	14,048,100	8,934,800
II.—Opium	8,942,970	-	-	-	8,942,970	8,544,200	-
III.—Salt	6,621,128	36,518	-	-	6,657,644	6,696,200	26,900
IV.—Stamps	1,898,304	1,852,916	-	-	3,751,280	1,116,500	2,731,600
V.—Excise	2,225,101	2,150,073	-	-	4,375,174	3,302,700	1,200,400
VI.—Provincial Rates	1,378	2,998,485	-	-	2,999,861	900	2,997,800
VII.—Customs	1,072,817	173,476	-	-	1,246,293	1,331,990	14,700
VIII.—Assessed Taxes	1,103,300	251,435	-	-	1,354,735	839,500	577,600
IX.—Forest	501,518	602,452	-	-	1,103,970	522,000	619,700
X.—Registration	150,555	148,504	-	-	299,059	156,300	153,900
XI.—Tributes from Native States	695,415	-	-	-	695,415	740,000	-
Total	37,318,616	17,163,515	-	-	54,482,131	37,298,300	17,257,400
XII.—Interest	578,627	35,019	41,352	15,551	670,548	623,900	31,600
POST OFFICE, TELEGRAPH, AND MINT:							
XIII.—Post Office	1,149,565	4,742	-	-	1,154,307	1,198,600	4,200
XIV.—Telegraph	670,179	416	9,558	3,594	692,747	753,500	500
XV.—Mint	180,346	-	60	22	180,428	216,000	-
Total	2,009,090	5,158	9,618	3,616	2,027,482	2,166,100	4,700
RECEIPTS BY CIVIL DEPARTMENTS:							
XVI.—Law and Justice { Courts	56,249	530,947	-	-	587,196	19,600	291,200
{ Jails	-	-	-	-	-	19,200	215,600
XVII.—Police	11,836	904,027	-	-	315,863	16,600	313,900
XVIII.—Marine	83,126	116,903	-	-	200,029	73,800	122,700
XIX.—Education	1,417	206,978	-	-	208,395	1,300	212,000
XX.—Medical	16	61,171	2,488	936	64,611	-	55,900
XXI.—Scientific and other Minor Departments.	23,797	60,941	600	226	85,564	18,600	54,600
Total	176,441	1,280,967	3,088	1,162	1,461,658	149,100	1,265,900
MISCELLANEOUS:							
XXII.—Receipts in aid of Superannuation, &c.	223,735	34,509	102,769	38,648	399,661	216,200	35,400
XXIII.—Stationery and Printing	49,545	47,271	-	-	96,816	32,300	41,800
XXIV.—Exchange	-	-	-	-	-	518,900	-
XXV.—Miscellaneous	81,291	261,048	6,873	2,585	351,797	90,200	258,900
Total	354,571	342,828	109,642	41,233	848,274	857,600	336,100
RAILWAYS:							
XXVI.—State Railways (Gross Earnings)	9,720,058	1,108,653	230	86	10,829,027	9,349,000	1,502,200
XXVII.—Guaranteed Companies (Net Traffic Receipts).	3,647,116	-	-	-	3,647,116	3,534,000	-
XXVIII.—Subsidised Companies (Repayment of Advances of Interest).	1,584	32	-	-	1,616	27,300	-
Total	13,368,758	1,108,685	230	86	14,477,759	12,910,300	1,502,200
IRRIGATION:							
XXIX.—Major Works: Direct Receipts	313,367	596,457	-	-	909,824	412,700	561,800
Portion of Land Revenue due to Irrigation.	597,469	-	-	-	597,469	578,400	-
XXX.—Minor Works and Navigation	32,936	116,476	-	-	149,412	30,200	123,700
Total	943,772	712,933	-	-	1,656,705	1,021,300	685,500
BUILDINGS AND ROADS:							
XXXI.—Military Works	188,384	-	-	-	188,384	37,700	-
XXXII.—Civil Works	9,588	498,942	22,281	8,379	539,190	11,500	480,800
Total	197,972	498,942	22,281	8,379	727,574	49,200	480,800
RECEIPTS BY MILITARY DEPARTMENTS:							
XXXIII.—Army: Effective	864,240	-	47,162	17,736	929,138	869,800	-
Non-effective	40,978	-	4,278	1,609	55,865	50,200	-
Total	914,218	-	51,440	19,345	985,003	920,000	-
TOTAL REVENUES	55,862,065	21,148,046	237,651	89,372	77,337,134	55,995,800	21,564,200

* The columns headed "Exchange" show, under the several heads of Revenue and Expenditure which include transactions in England, Exchange thereon calculated in accordance with the average rate obtained for Bills and Telegraphic Transfers sold during the year.

A.—STATEMENT of the REVENUE of INDIA, in INDIA and in ENGLAND.

ESTIMATE, 1887-88.			Increase + Decrease — of Revised as compared with Budget Estimates, 1887-88.	BUDGET ESTIMATE, 1888-89.					Increase + Decrease — of Budget, 1888-89, as compared with Revised Estimates, 1887-88.
England.	Exchange.* 1 s. 4 9 d.	TOTAL.		India.		England.	Exchange.* 1 s. 4 9 d.	TOTAL.	
				Imperial.	Provincial and Local.				
£.	Rx.	Rx.	Rx.	Rx.	Rx.	£.	Rx.	Rx.	Rx.
-	-	22,982,900	+ 45,300	14,109,800	8,980,700	-	-	23,090,500	+ 107,600
-	-	8,544,200	- 349,100	8,453,900	-	-	-	8,453,900	- 90,300
-	-	6,723,100	+ 118,500	8,099,900	22,600	-	-	8,122,500	+ 1,399,400
-	-	3,848,100	+ 131,900	1,115,800	2,738,600	-	-	3,854,400	+ 6,900
-	-	4,503,100	+ 277,700	3,389,600	1,219,900	-	-	4,609,500	+ 106,400
-	-	2,998,700	+ 41,200	900	3,012,400	-	-	3,013,300	+ 14,600
-	-	1,346,600	+ 113,900	1,354,700	14,400	-	-	1,369,100	+ 22,500
-	-	1,417,100	+ 11,100	874,900	576,900	-	-	1,451,300	+ 34,700
-	-	1,141,700	+ 11,000	554,100	617,500	-	-	1,171,600	+ 29,900
-	-	310,200	+ 7,500	155,000	152,900	-	-	307,900	- 2,300
-	-	740,000	+ 18,000	767,900	-	-	-	767,900	+ 27,900
-	-	54,555,700	+ 427,000	38,876,500	17,335,900	-	-	56,212,400	+ 1,656,700
66,000	27,700	749,200	+ 62,700	610,700	31,400	10,000	4,200	656,300	- 92,900
-	-	1,200,800	- 15,500	1,237,900	4,200	-	-	1,242,100	+ 41,300
11,100	4,700	769,800	+ 131,200	689,400	500	6,600	2,800	699,300	- 70,500
-	-	216,000	+ 45,600	189,900	-	-	-	189,900	- 26,100
11,100	4,700	2,186,600	+ 161,300	2,117,200	4,700	6,600	2,800	2,131,300	- 55,300
-	-	310,800	+ 12,900	19,500	285,100	-	-	304,600	- 6,200
-	-	234,800	- 58,700	19,600	238,500	-	-	258,100	+ 23,300
-	-	330,500	+ 6,600	18,300	309,500	-	-	321,800	+ 8,700
-	-	196,500	+ 23,200	69,400	118,900	-	-	188,300	- 8,200
-	-	213,300	+ 14,600	1,300	200,100	-	-	201,400	- 11,900
2,500	1,000	59,400	+ 2,900	-	58,400	2,300	1,000	61,700	+ 2,300
700	300	74,200	- 7,300	19,400	67,000	1,200	500	88,100	+ 13,900
3,200	1,300	1,419,500	- 5,800	147,500	1,271,500	3,500	1,500	1,424,000	+ 4,500
104,600	43,900	400,100	+ 7,700	208,000	34,800	98,100	41,200	382,100	- 18,000
-	-	74,100	- 23,100	18,900	41,200	-	-	60,100	- 14,000
-	-	518,900	+ 153,500	415,000	-	-	-	415,000	- 103,900
5,400	2,300	356,800	+ 34,800	55,800	249,700	2,500	1,000	309,000	- 47,800
110,000	46,200	1,349,900	+ 172,900	697,700	325,700	100,600	42,200	1,166,200	- 183,700
200	100	10,851,500	- 467,300	10,205,700	1,534,900	200	100	11,740,900	+ 889,400
-	-	3,534,000	+ 19,000	3,405,000	-	-	-	3,405,000	- 129,000
-	-	27,300	- 31,400	38,800	-	-	-	38,800	+ 11,500
200	100	14,412,800	- 479,700	13,649,500	1,534,900	200	100	15,184,700	+ 771,900
-	-	974,500	+ 15,300	446,700	567,400	-	-	1,014,100	+ 39,600
-	-	578,400	+ 1,900	590,300	-	-	-	590,300	+ 11,900
-	-	153,900	+ 1,600	30,500	123,800	-	-	154,300	+ 400
-	-	1,706,800	+ 18,800	1,067,500	691,200	-	-	1,758,700	+ 51,900
-	-	37,700	+ 1,300	36,000	-	-	-	36,000	- 1,700
25,500	10,700	528,500	+ 25,400	7,500	472,800	27,300	11,500	519,100	- 9,400
25,500	10,700	566,200	+ 26,700	43,500	472,800	27,300	11,500	555,100	- 11,100
37,300	15,700	922,800	+ 80,700	822,700	-	28,000	11,700	862,400	- 60,400
4,000	2,000	57,100	+ 1,800	52,300	-	5,000	2,100	59,400	+ 2,300
42,200	17,700	979,900	+ 82,500	875,000	-	33,000	13,800	921,800	- 58,100
258,200	108,400	77,926,600	+ 466,400	58,085,100	21,668,100	181,200	76,100	80,010,500	+ 2,083,900

B.—STATEMENT of the EXPENDITURE Chargeable on the

HEADS OF EXPENDITURE.	ACCOUNTS, 1886-87.					REVISED	
	India.		England.	Exchange.† 1 s. 5·441 d.	TOTAL.	India.	
	Imperial.	Provincial and Local.				Imperial.	Provincial and Local.
DIRECT DEMANDS ON THE REVENUES :							
1.—Refunds and Drawbacks - - - - -	Rx. 138,414	Rx. 76,118	£ - -	Rx. - -	Rx. 214,532	Rx. 141,900	Rx. 69,800
2.—Assignments and Compensations - - - - -	542,282	904,655	- -	- -	1,446,937	542,900	926,200
Charges in respect of Collection, viz. :							
3.—Land Revenue - - - - -	317,647	3,145,100	1,094	411	3,464,252	251,900	3,266,900
4.—Opium (including cost of production) - - - - -	2,726,512	- -	1,854	697	2,729,063	2,510,400	- -
5.—Salt (including cost of production) - - - - -	388,715	97,447	7	3	486,172	427,800	1,500
6.—Stamps - - - - -	21,539	64,081	44,470	16,724	146,814	7,100	91,800
7.—Excise - - - - -	58,244	58,264	161	61	116,730	89,500	32,900
8.—Provincial Rates - - - - -	- -	51,105	- -	- -	51,105	- -	64,000
9.—Customs - - - - -	- -	135,818	- -	- -	135,818	49,400	87,500
10.—Assessed Taxes - - - - -	- -	6,092	- -	- -	50,158	16,100	14,500
11.—Forest - - - - -	44,066	404,324	2,436	916	719,765	342,800	417,800
12.—Registration - - - - -	312,089	92,116	- -	- -	184,845	94,900	94,000
Total - - - - -	4,642,237	5,035,120	50,022	18,812	9,746,191	4,460,500	5,066,900
INTEREST :							
13.—Interest on Debt * other than that charged to Railways and Irrigation Works. - - - - -	375,388	- -	2,596,975	976,633	3,948,996	342,000	- -
14.—Interest on other Obligations - - - - -	358,378	2,729	218	82	361,407	394,500	2,500
Total - - - - -	733,766	2,729	2,597,193	976,715	4,310,403	736,500	2,500
POST OFFICE, TELEGRAPH, AND MINT :							
15.—Post Office - - - - -	1,079,312	109,808	117,125	44,047	1,350,292	1,101,100	110,900
16.—Telegraph - - - - -	500,098	622	111,771	42,033	714,464	590,500	500
17.—Mint - - - - -	71,306	- -	6,686	2,514	80,506	91,000	- -
Total - - - - -	1,710,656	110,430	235,582	88,594	2,145,262	1,782,600	111,400
SALARIES AND EXPENSES OF CIVIL DEPARTMENTS :							
18.—General Administration - - - - -	615,600	776,669	248,248	93,358	1,733,875	620,800	773,100
19.—Law and Justice { Courts - - - - -	193,196	3,201,789	1,067	401	3,396,453	73,400	2,581,400
{ Jails - - - - -						132,100	616,600
20.—Police - - - - -	442,526	2,842,571	- -	- -	3,285,097	807,600	2,919,300
21.—Marine (including River Navigation) - - - - -	404,773	126,165	230,502	86,684	848,124	308,400	132,700
22.—Education - - - - -	15,844	1,288,888	440	165	1,305,337	16,100	1,264,900
23.—Ecclesiastical - - - - -	158,576	- -	300	113	158,989	159,600	- -
24.—Medical - - - - -	23,441	723,379	7,169	2,696	756,685	39,500	715,100
25.—Political - - - - -	713,536	237	29,825	11,216	754,814	630,900	16,700
26.—Scientific and other Minor Departments - - - - -	274,034	157,116	20,342	7,650	459,142	266,500	144,100
Total - - - - -	2,841,526	9,116,814	537,893	202,283	12,698,516	3,054,900	9,163,900
MISCELLANEOUS CIVIL CHARGES :							
27.—Territorial and Political Pensions - - - - -	622,524	- -	18,287	6,877	647,688	586,500	- -
28.—Civil Furlough and Absentee Allowances - - - - -	1,787	- -	187,742	70,603	260,132	3,200	- -
29.—Superannuation Allowances and Pensions - - - - -	91,276	601,207	1,575,929	592,653	2,861,065	87,900	626,800
30.—Stationery and Printing - - - - -	73,899	361,772	91,826	34,533	562,030	60,600	385,800
31.—Exchange - - - - -	26,302	- -	- -	- -	26,302	- -	- -
32.—Miscellaneous - - - - -	89,700	212,310	30,398	11,432	343,840	65,700	182,500
Total - - - - -	905,488	1,175,289	1,904,182	716,098	4,701,057	803,900	1,193,100
FAMINE RELIEF AND INSURANCE :							
33.—Famine Relief - - - - -	- -	1,041	- -	- -	1,041	- -	800
34.—Construction of Protective Railways - - - - -	200,000	- -	- -	- -	200,000	- -	- -
35.—Construction of Protective Irrigation Works - - - - -	107,979	- -	- -	- -	107,979	92,500	- -
36.—Reduction of Debt - - - - -	- -	- -	- -	- -	- -	- -	- -
Total - - - - -	307,979	1,041	- -	- -	309,020	92,500	800
Carried forward - - - - -	11,141,652	15,441,423	5,324,872	2,002,502	33,910,449	10,930,900	15,540,600

* The "Interest on Debt" is distributed as follows:—
Interest on Debt (other than that charged to Railways and Irrigation Works) as above 375,388
Under Railway Revenue Account 2,428,448
Under Irrigation 892,591

TOTAL

ACCOUNTS, 1886-87.			
India.	England.	Exchange.	TOTAL.
Rx. 375,388	£ 2,596,975	Rx. 976,633	Rx. 3,948,996
2,428,448	566,049	212,871	3,207,368
892,591	- -	- -	892,591
3,791,427	3,163,024	1,189,504	8,143,955

† See foot-note to Statement A., p. 92.

REVENUES OF INDIA, in INDIA and in ENGLAND.

ESTIMATE, 1887-88.			Increase + Decrease— of Revised as compared with Budget Estimates, 1887-88.	BUDGET ESTIMATE, 1888-89.					Increase + Decrease— of Budget, 1888-89, as compared with Revised Estimates, 1887-88.
England.	Exchange. 1 s. 4 9 d.	TOTAL.		India.		England.	Exchange. 1 s. 4 9 d.	TOTAL.	
				Imperial.	Provincial and Local.				
£.	Rx.	Rx.	Rx.	Rx.	£.	Rx.	Rx.	Rx.	
-	-	211,700	+ 9,500	130,000	65,100	-	-	195,100	- 16,600
-	-	1,469,100	+101,500	570,100	923,900	-	-	1,494,000	+ 24,900
200	100	3,519,100	-149,700	292,300	3,390,500	900	400	3,684,100	+ 165,000
1,200	500	2,512,100	+ 6,000	2,553,800	-	600	300	2,554,700	+ 42,600
100	-	429,400	- 39,700	449,300	1,500	100	-	450,900	+ 21,500
55,700	23,400	163,800	- 14,000	8,600	92,100	64,400	27,100	175,000	+ 11,200
100	-	122,500	+ 3,600	93,700	33,900	100	-	127,700	+ 5,200
-	-	64,000	+ 16,800	-	57,600	-	-	57,600	- 6,400
100	-	137,000	+ 1,900	51,000	87,500	-	-	138,500	+ 1,500
-	-	30,600	- 3,000	15,100	12,200	-	-	27,300	- 3,300
1,900	800	763,300	+ 25,700	345,100	422,500	2,100	900	770,600	+ 7,300
-	-	188,900	+ 2,300	94,200	93,300	-	-	187,500	- 1,400
5,7300	24,800	9,611,500	- 39,100	4,586,000	5,180,100	68,200	28,700	9,863,000	+ 251,500
3,365,700	1,413,600	5,121,300	+1,006,200	392,100	-	2,593,900	1,089,400	4,075,400	-1,045,900
300	100	397,400	+ 10,300	429,900	2,400	500	200	433,000	+ 35,600
3,366,000	1,413,700	5,518,700	+1,106,500	822,000	2,400	2,594,400	1,089,600	4,508,400	-1,010,300
116,300	48,900	1,377,200	+ 12,700	1,112,100	111,100	96,500	40,500	1,360,200	- 17,000
133,400	56,000	780,400	- 30,500	549,300	500	131,100	55,100	736,000	- 44,400
5,300	2,300	98,600	+ 12,500	81,200	-	3,400	1,400	86,000	- 12,600
255,000	107,200	2,256,200	- 5,300	1,742,600	111,600	231,000	97,000	2,182,200	- 74,000
263,900	112,900	1,775,700	+ 65,400	611,700	775,500	250,500	105,200	1,742,900	- 32,800
500	200	2,655,500	- 44,000	88,800	2,622,600	1,400	600	2,713,400	+ 57,900
-	-	748,700	- 66,900	140,200	660,000	-	-	800,200	+ 51,500
-	-	3,726,900	+ 11,600	841,100	2,935,100	-	-	3,776,200	+ 49,300
148,300	62,300	651,700	-212,800	323,000	162,600	92,000	38,700	616,300	- 35,400
700	300	1,232,000	- 37,300	17,400	1,312,000	1,300	500	1,331,200	+ 49,200
500	200	160,300	- 11,600	166,600	-	300	100	167,000	+ 6,700
7,000	2,900	764,500	- 38,700	39,200	741,000	7,200	3,000	790,400	+ 25,900
39,500	12,800	699,900	+ 60,300	659,500	16,300	27,300	11,500	714,600	+ 23,700
21,500	9,000	441,100	- 8,400	264,400	153,300	20,000	8,400	446,100	+ 5,000
477,900	200,600	12,897,300	-282,400	3,151,900	9,378,400	400,000	168,000	13,098,300	+ 201,000
15,000	6,700	609,100	- 66,400	552,600	-	12,500	5,200	570,300	- 38,800
216,000	90,700	309,900	+ 6,900	3,100	-	217,000	91,100	311,200	+ 1,300
1,603,000	673,300	2,991,000	+ 72,700	92,500	639,200	1,618,000	679,800	3,029,300	+ 38,300
87,500	36,800	570,700	- 22,400	62,200	388,700	111,700	46,900	607,500	+ 36,800
-	-	-	-	-	-	-	-	-	-
34,000	14,300	293,500	- 69,800	103,000	193,200	30,600	12,800	339,600	+ 43,100
1,956,400	821,800	4,777,200	- 79,000	813,400	1,219,100	1,989,800	835,600	4,857,900	+ 80,700
-	-	800	- 1,200	-	500	-	-	500	- 300
-	-	92,500	-	72,700	-	-	-	72,700	- 19,800
-	-	93,300	- 1,200	72,700	500	-	-	73,200	- 20,100
6,114,300	2,568,100	35,154,200	+ 699,500	11,188,600	15,892,100	5,283,400	2,218,900	34,583,000	- 571,200
REVISED ESTIMATE, 1887-88.				BUDGET ESTIMATE, 1888-89.					
India	England.	Exchange.	TOTAL.	India.	England.	Exchange.	TOTAL.		
Rx.	£.	Rx.	Rx.	Rx.	£.	Rx.	Rx.		
342,000	3,323,700	1,413,600	5,121,300	392,100	2,593,900	1,089,400	4,075,400		
2,547,200	662,100	231,900	3,371,200	2,706,000	649,200	230,700	2,486,300		
1,019,200	-	-	1,019,200	1,046,700	-	-	1,046,700		
3,918,400	2,917,800	1,645,500	9,511,700	4,145,200	3,143,100	1,320,100	8,608,400		

B.—STATEMENT of the EXPENDITURE Chargeable on the

HEADS OF EXPENDITURE	ACCOUNTS, 1886-87.					REVISED	
	India.		England.	Exchange.* 1 s. 8-441 d.	TOTAL.	India.	
	Imperial.	Provincial and Local.				Imperial.	Provincial and Local.
	Rs.	Rs.	£	Rs.	Rs.	Rs.	Rs.
Brought forward - - -	11,141,553	13,441,423	5,324,872	2,002,503	33,910,449	10,030,000	15,540,000
37.—CONSTRUCTION of RAILWAYS (charged against Revenue in addition to that under Finance Insurance).	-	183,077	-	-	183,077	-	81,700
RAILWAY REVENUE ACCOUNT:							
38.—State Railways: Working Expenses - - -	4,554,385	603,514	-	-	5,210,889	4,870,200	584,500
Interest on Debt - - - - -	2,021,745	300,703	5-0-040	212,871	2,535,319	2,143,000	443,000
Annuities in purchase of Railways - - -	-	-	1,577,700	670,975	2,248,675	-	-
Interest on Capital deposited by Companies - - -	547	-	343,631	120,328	473,506	400	-
39.—Guaranteed Companies: Surplus Profits, Land, and Supervision.	600,833	-	-	-	600,833	721,000	-
Interest - - - - -	10,648	-	2,000,070	1,014,240	3,721,864	20,000	-
40.—Subsidial Companies: Land, &c. - - -	30,060	14,543	-	-	44,603	32,500	14,500
Advances of Interest - - - - -	-	-	-	-	-	-	-
41.—Miscellaneous Railway Expenditure - - -	81,270	13,120	-	-	94,390	44,000	9,400
Total - - -	7,304,008	1,080,800	3,284,350	1,987,264	15,666,427	7,647,000	1,252,000
IRRIGATION:							
42.—Major Works: Working Expenses - - -	279,403	340,840	-	-	620,243	310,700	372,000
Interest on Debt - - - - -	540,574	481,017	-	-	1,021,591	514,500	504,700
43.—Minor Works and Navigation - - - - -	331,288	156,061	1,300	525	489,174	280,500	801,900
Total - - -	1,141,265	977,918	1,300	525	2,310,654	1,105,700	1,378,600
BUILDINGS AND ROADS:							
44.—Military Works - - - - -	1,050,013	-	1,908	717	1,052,638	1,272,700	-
45.—Civil Works - - - - -	614,072	3,417,004	80,081	32,372	4,143,430	893,500	3,283,000
Total - - -	1,664,085	3,417,004	81,989	33,089	5,201,167	2,171,200	3,283,000
ARMY SERVICES:							
46.—Army: Effective - - - - -	13,771,107	-	1,780,001	671,879	16,222,987	14,107,500	-
Non-Effective - - - - -	840,310	-	1,777,565	618,481	3,236,356	805,100	-
Total - - -	14,611,417	-	3,557,566	1,290,360	19,469,343	14,912,600	-
SPECIAL DEFENCE WORKS:							
47.—Special Defence Works - - - - -	123,110	-	147,170	55,340	325,620	487,100	-
TOTAL EXPENDITURE, IMPERIAL and PROVINCIAL - - - - -	36,181,620	21,112,381	14,400,940	5,410,086	77,123,042	37,405,500	21,530,500
Add.—Portion of Allotments to Provincial Governments not spent by them in the Year - - - - -	-	+ 316,482	-	-	+ 316,482	-	+ 293,700
Deduct.—Portion of Provincial Expenditure defrayed from Provincial Balances - - - - -	-	- 230,817	-	-	- 230,817	-	- 260,000
TOTAL EXPENDITURE CHARGED AGAINST REVENUE - - - - -	36,181,620	21,198,046	14,400,940	5,410,086	77,158,707	37,405,500	21,564,200

	ACCOUNTS, 1886-87.			
	India.	England.	Exchange (charged against Revenue).	TOTAL.
EXPENDITURE NOT CHARGED TO REVENUE:				
Capital Outlay on Railways and Irrigation Works:	Rs.	£	Rs.	Rs.
48.—State Railways: Construction - - - - -	3,305,221	1,321,074	408,810	5,123,105
49.—Irrigation Works - - - - -	544,015	2,000	753	547,768
TOTAL - - -	3,849,236	1,323,074	409,563	5,670,484
50.—CAPITAL CHARGE INVOLVED IN REDUCTION OF LIABILITIES.	-	4,914,546	-	4,914,546

* See foot-note to Statement A, p. 92.

REVENUES OF INDIA, in INDIA and in ENGLAND—continued.

ESTIMATE, 1887-88.			Increase + Decrease — of Revised as compared with Budget Estimates, 1887-88.	BUDGET ESTIMATE, 1888-89.					Increase + Decrease — of Budget, 1888-89, as compared with Revised Estimates, 1887-88.
England.	Exchange.* 1 s. 4 9 d.	TOTAL.		India.		England.	Exchange.* 1 s. 4 9 d.	TOTAL.	
				Imperial.	Provincial and Local.				
£.	Rx.	Rx.	Rx.	Rx.	Rx.	£.	Rx.	Rx.	Rx.
6,114,600	2,568,100	85,154,200	+ 699,500	11,188,600	15,892,100	5,283,400	2,218,900	34,583,000	— 571,200
-	-	81,700	+ 6,700	-	43,800	-	-	43,800	— 37,90
-	-	5,460,700	— 370,600	5,178,000	804,200	-	-	5,982,200	+ 521,500
552,100	231,900	3,371,200	+ 52,800	2,244,100	462,300	549,200	230,700	3,486,300	+ 115,100
1,683,500	707,100	2,390,600	+ 82,500	-	-	1,688,700	709,300	2,398,000	+ 7,400
469,000	197,000	666,400	+ 81,200	400	-	655,000	275,400	931,400	+ 265,000
-	-	721,000	+ 148,000	527,500	-	-	-	527,500	— 193,500
2,695,000	1,131,900	3,856,800	+ 124,500	8,500	-	2,722,000	1,143,200	3,873,700	+ 16,900
-	-	47,000	— 13,000	17,500	14,700	-	-	32,200	— 14,800
-	-	-	-	60,000	8,300	-	-	68,300	+ 14,900
5,300,600	2,267,000	16,587,100	+ 85,200	8,036,000	1,280,500	5,615,500	2,358,600	17,299,600	+ 732,500
-	-	682,700	+ 36,800	310,400	360,400	-	-	670,800	— 11,900
-	-	1,019,200	— 5,700	536,300	510,400	-	-	1,046,700	+ 27,500
100	-	782,500	+ 12,000	282,700	567,500	10,300	4,300	864,800	+ 82,300
100	-	2,484,400	+ 43,100	1,129,400	1,438,300	10,300	4,300	2,582,300	+ 97,900
6,300	2,600	1,281,600	— 19,100	1,155,300	-	1,400	600	1,157,300	— 124,300
95,700	40,200	4,318,000	+ 65,500	803,000	3,488,000	101,800	42,800	4,435,600	+ 117,600
102,000	42,800	5,599,600	+ 46,400	1,958,300	3,488,000	103,200	43,400	5,592,900	— 6,700
1,898,300	797,300	10,893,500	+1,163,000	13,752,300	-	1,741,800	731,600	16,225,700	— 667,800
1,902,200	799,000	3,566,200	+ 99,700	877,700	-	2,018,000	847,600	3,743,300	+ 177,100
3,800,500	1,596,200	20,459,700	+1,262,700	14,630,000	-	3,759,800	1,579,200	19,969,000	— 490,700
57,600	24,200	568,900	+ 568,900	500,000	-	437,700	183,800	1,121,500	+ 552,600
15,474,400	6,499,200	80,915,600	+2,712,500	37,442,300	22,151,700	15,200,900	6,388,200	81,192,100	+ 276,500
-	-	+ 27,700	-	-	+ 9,800	-	-	— 483,500	-
-	-	-	-	-	— 493,400	-	-	-	-
15,474,400	6,499,200	80,943,300	+2,712,500	37,442,300	21,663,100	15,200,900	6,388,200	80,708,500	+ 276,500
REVISED ESTIMATE, 1887-88.				BUDGET ESTIMATE, 1888-89.					
India.	England.	Exchange.	TOTAL.	India.	England.	Exchange.	TOTAL.		
Rx.	£.	Rx.	Rx.	Rx.	£.	Rx.	Rx.		
755,200	1,140,000	478,800	2,374,000	2,062,800	973,000	408,700	3,444,500		
592,900	7,000	2,000	602,800	600,000	-	-	600,000		
1,348,100	1,147,000	481,700	2,976,800	2,662,800	973,000	408,700	4,044,500		
-	-	-	-	-	-	-	-		

* See foot-note to Statement A., p. 92.

C.—STATEMENT of RECEIPTS and DISBURSEMENTS other than REVENUE

	ACCOUNTS, 1886-87.			REVISED ESTIMATE, 1887-88.			BUDGET ESTIMATE, 1888-89.		
	India.	England.	TOTAL.	India.	England.	TOTAL.	India.	England.	TOTAL.
	<i>Rx.</i>	<i>£.</i>		<i>Rx.</i>	<i>£.</i>		<i>Rx.</i>	<i>£.</i>	
REVENUE (from Statement A.) -	77,010,111	237,651	77,247,762	77,560,000	258,200	77,818,200	79,753,200	181,200	79,934,400
Exchange added to Revenue -	89,372	-	89,372	108,400	-	108,400	76,100	-	76,100
Extraordinary Receipts -	-	-	-	63,700	-	63,700	-	-	-
Total - - -	77,099,483	237,651	77,337,134	77,732,100	258,200	77,990,300	79,829,300	181,200	80,010,500
PERMANENT DEBT INCURRED :									
<i>Sterling Debt :</i>									
India 3½ per Cent. Stock -	-	4,914,546	-	-	-	-	-	-	-
India 3 per Cent. Stock -	-	5,207,446	-	-	-	-	-	-	-
Debentures and Debenture Stock.	-	-	-	-	-	-	-	-	-
<i>Rupee Debt :</i>									
4 per Cent. Rupee Loan -	1,200,000	-	-	2,000,000	-	-	-	-	-
Gwalior Loan - - -	-	-	-	3,500,000	-	-	-	-	-
Stock Notes - - -	8,800	-	-	1,900	-	-	1,500	-	-
Miscellaneous - - -	-	-	-	-	-	-	-	-	-
Proposed Loan - - -	-	-	-	-	-	-	3,000,000	-	-
Total - - -	1,208,800	10,121,992	11,330,852	5,501,900	-	5,501,900	3,001,500	-	3,001,500
Net - - -	-	-	9,727,538	-	-	5,434,000	-	-	2,998,500
UNFUNDED DEBT :									
Temporary Loans - - -	-	-	-	-	-	-	-	-	-
Special Loans - - -	-	-	-	-	-	-	-	-	-
Treasury Notes - - -	450	-	-	128,200	-	-	128,800	-	-
Deposits of Service Funds -	127,009	-	-	4,465,200	-	-	4,974,900	-	-
Savings Bank Deposits -	5,353,975	-	-	-	-	-	-	-	-
Total - - -	5,481,434	-	5,481,434	4,593,400	-	4,593,400	5,103,700	-	5,103,700
Net - - -	-	-	775,845	-	-	922,100	-	-	845,300
DEPOSITS AND ADVANCES :									
Balances of Provincial Allotments -	316,482	-	-	293,700	-	-	9,800	-	-
Excluded Local Funds - - -	678,794	-	-	635,900	-	-	611,100	-	-
Political and Railway Funds - - -	41,520	-	-	309,300	-	-	226,400	-	-
Departmental and Judicial Deposits.	14,959,691	-	-	13,099,000	-	-	13,539,100	-	-
Advances - - - - -	6,913,417	3,768	-	9,910,000	9,100	-	6,984,100	49,800	-
Suspense Accounts - - -	148,280	-	-	12,000	-	-	27,500	-	-
Exchange on Remittance Accounts (net).	1,362,389	-	-	-	-	-	564,600	-	-
Miscellaneous - - - -	63,564	9,812	-	338,800	-	-	33,400	-	-
Total - - -	24,484,137	13,580	24,497,717	25,198,700	9,100	25,207,800	21,946,000	49,800	21,995,800
Net - - -	-	-	1,365,177	-	-	76,400	-	-	0
Carried forward - A	108,273,914	10,373,223	-	113,026,100	267,300	-	109,880,500	231,000	-

and EXPENDITURE of the GOVERNMENT OF INDIA, in INDIA and in ENGLAND.

	ACCOUNTS, 1886-87.			REVISED ESTIMATE, 1887-88.			BUDGET ESTIMATE, 1888-89.		
	India.	England.	TOTAL.	India.	England.	TOTAL.	India.	England.	TOTAL.
	Rx.	£.		Rx.	£.		Rx.	£.	
EXPENDITURE, IMPERIAL and PROVINCIAL (from Statement B.)	57,294,007	14,409,949	71,703,956	58,942,000	15,474,400	74,416,400	59,594,000	15,209,900	74,803,900
Exchange, charged as Expenditure	5,419,086	-	5,419,086	6,499,200	-	6,499,200	6,388,200	-	6,388,200
<i>Add.</i> —Provincial Surpluses, transferred to "Deposits."	316,482	-	316,482	293,700	-	293,700	9,800	-	9,800
<i>Deduct.</i> —Provincial Deficits, charged against "Deposits."	-280,817	-	-280,817	-266,000	-	-266,000	-493,400	-	-493,400
Total - - -	62,748,758	14,409,949	77,158,707	65,468,900	15,474,400	80,943,300	65,498,600	15,209,900	80,708,500
EXPENDITURE NOT CHARGED TO REVENUE.									
Capital Outlay on Railways and Irrigation Works.	3,849,836	1,323,083	-	1,348,100	1,147,000	-	2,662,800	973,000	-
Capital Charge involved in Redemption of Liabilities.	-	4,314,546	-	-	-	-	-	-	-
<i>Add.</i> —Exchange on Expenditure not charged to Revenue.	497,565	-	-	481,700	-	-	408,700	-	-
Total - - -	4,347,401	6,237,629	10,585,030	1,829,800	1,147,000	2,976,800	3,071,500	973,000	4,044,500
PERMANENT DEBT DISCHARGED:									
<i>Sterling Debt:</i>									
East India Bonds - - -	-	-	-	-	-	-	-	-	-
India 5 per Cent. Stock - - -	-	320	-	-	-	-	-	-	-
India 4 per Cent. Debentures - - -	-	-	-	-	-	-	-	-	-
India 4 per Cent. Stock - - -	-	-	-	-	-	-	-	-	-
East Indian Railway Debentures.	-	1,000	-	-	-	-	-	-	-
East Indian Railway Debenture Stock.	-	-	-	-	-	-	-	-	-
Eastern Bengal Railway Debentures.	-	409,700	-	-	-	-	-	-	-
Eastern Bengal Railway Debenture Stock.	-	-	-	-	-	-	-	-	-
<i>Rupree Debt:</i>									
4½ per Cent. Loans - - -	-	-	-	63,700	-	-	-	-	-
4 per Cent. Loans - - -	2,313	-	-	1,600	-	-	1,000	-	-
Loans under discharge - - -	1,147,112	-	-	2,600	-	-	2,000	-	-
Provincial Debentures - - -	36,535	-	-	-	-	-	-	-	-
Stock Notes - - -	6,334	-	-	-	-	-	-	-	-
Miscellaneous - - -	-	-	-	-	-	-	-	-	-
Total - - -	1,192,294	411,020	1,603,314	67,900	-	67,900	3,000	-	3,000
Net - - -	-	-	0	-	-	0	-	-	0
UNFUNDED DEBT:									
Temporary Loans - - -	-	-	-	-	-	-	-	-	-
Special Loans - - -	220	-	-	200	-	-	200	-	-
Treasury Notes - - -	2,300	-	-	81,300	-	-	76,300	-	-
Deposits of Service Funds - - -	69,909	-	-	3,589,800	-	-	4,181,900	-	-
Savings Bank Deposits - - -	4,633,160	-	-	-	-	-	-	-	-
Total - - -	4,705,589	-	4,705,589	3,671,300	-	3,671,300	4,258,400	-	4,258,400
Net - - -	-	-	0	-	-	0	-	-	0
DEPOSITS AND ADVANCES:									
Balances of Provincial Allotments	280,817	-	-	266,000	-	-	493,400	-	-
Excluded Local Funds - - -	717,372	-	-	620,300	-	-	612,700	-	-
Political and Railway Funds - - -	49,351	-	-	318,600	-	-	264,000	-	-
Departmental and Judicial Deposits.	14,915,051	-	-	13,733,700	-	-	13,516,700	-	-
Advances - - -	7,028,718	6,280	-	9,987,400	8,000	-	7,042,100	45,300	-
Suspense Accounts - - -	132,473	-	-	42,700	-	-	28,400	-	-
Exchange on Remittance Accounts (net).	-	-	-	121,900	-	-	-	-	-
Miscellaneous - - -	62,478	-	-	30,800	2,000	-	334,100	-	-
Total - - -	23,186,260	6,280	23,192,540	25,121,400	10,000	25,131,400	22,291,400	45,300	22,336,700
Net - - -	-	-	0	-	-	0	-	-	340,900
Carried forward - - -	96,150,302	21,064,878	-	96,150,300	16,631,400	-	95,122,900	16,228,200	-

FINANCIAL STATEMENT OF THE

C.—STATEMENT of RECEIPTS and DISBURSEMENTS other than REVENUE and

	ACCOUNTS, 1886-87.			REVISED ESTIMATE, 1887-88.			BUDGET ESTIMATE, 1888-89.		
	India.	England.	TOTAL.	India.	England.	TOTAL.	India.	England.	TOTAL.
	Rs.	£.		Rs.	£.		Rs.	£.	
Brought forward - - -	108,375,914	10,373,223	-	113,026,100	207,300	-	100,000,500	251,000	-
Loans to Municipalities, Native States, &c.	1,130,000	-	1,130,000	277,300	-	277,300	183,200	-	183,200
Not - - -	-	-	82,826	-	-	0	-	-	0
Capital Receipts from Railway Companies:									
(In amount of Subscribed Capital.)	700	4,135,372	-	-	5,503,000	-	-	5,507,800	-
Repayments - - -	1,829,137	4,430	-	1,380,700	20,700	-	1,383,400	-	-
Total - - -	1,829,837	4,139,811	5,968,549	1,380,700	5,523,700	6,082,400	1,383,400	5,607,800	7,051,200
Not - - -	-	-	0	-	-	0	-	-	0
Remittances:									
Inland Money Orders - - -	10,538,000	-	-	11,040,500	-	-	12,794,100	-	-
Other Local Remittances (net)	11,176	-	-	1,600	-	-	-	-	-
Other Departmental Accounts	163,176	-	-	686,800	-	-	221,100	-	-
Net Receipts by Civil Treasuries from—									
Post Office - - - - -	2,122,428	-	-	934,300	-	-	940,300	-	-
Guaranteed Railways - - -	3,722,051	-	-	3,600,300	-	-	3,247,400	-	-
Net Receipts from Civil Treasuries by—									
Telegraph - - - - -	62,548	-	-	50,300	-	-	30,000	-	-
Marine - - - - -	322,966	-	-	27,500	-	-	244,500	-	-
Military - - - - -	13,012,338	-	-	13,702,500	-	-	13,373,000	-	-
Public Works - - - - -	5,380,540	-	-	4,715,800	-	-	5,200,000	-	-
Remittance Account between England and India.	2,211,640	234,859	-	1,097,500	182,500	-	1,128,900	120,500	-
Total - - -	37,497,003	234,859	37,732,552	30,513,100	182,500	30,695,600	37,330,700	120,500	37,451,200
Net - - -	-	-	236,551	-	-	848,600	-	-	0
SECRETARY OF STATE'S BILLS DRAWN.	-	12,136,270	12,136,270	-	15,250,000	15,250,000	-	14,000,000	14,000,000
TOTAL RECEIPTS - - -	148,731,530	20,884,172	-	151,108,200	21,202,500	-	148,777,800	20,010,300	-
Opening Balance - - -	12,754,478	4,720,545	-	13,195,783	5,280,820	-	13,723,085	5,614,320	-
GRAND TOTAL - - -	161,486,008	25,604,717	-	164,303,983	26,573,320	-	162,500,885	25,624,620	-

Fort William, Department of Finance and Commerce,
20 March 1888.E. W. Kellner,
Deputy Comptroller General.

D.—ACCOUNT of PROVINCIAL and LOCAL SAVINGS charged to REVENUE, and held

PROVINCIAL AND

Note.—These Balances do not include the Balances

	India.	Central Provinces.	Burmah.	Assam.
ACCOUNTS, 1886-87.				
Balance at end of 1885-86 (a) - -	Rs. 11,470	Rs. 361,267	Rs. 18,003	Rs. 101,874
Added in 1886-87 - - - - -	384	-	15,728	-
Spent in 1886-87 - - - - -	-	119,537	-	29,745
Balance at end of 1886-87 - - -	11,854	241,730	114,501	72,129
REVISED ESTIMATE, 1887-88.				
Balance at end of 1886-87 (by Accounts)	11,854	241,730	114,501	72,129
Added in 1887-88 - - - - -	3,000	-	41,200	-
Spent in 1887-88 - - - - -	-	17,000	-	19,000
Balance at end of 1887-88 - - -	14,854	224,730	155,701	53,129
BUDGET ESTIMATE, 1888-89.				
Balance at end of 1887-88 (by Revised Estimate)	14,854	224,730	155,701	53,129
Added in 1888-89 - - - - -	3,100	-	(b) 1,000	4,800
Spent in 1888-89 - - - - -	-	80,300	(c) 500	-
Balance at end of 1888-89 - - -	17,954	144,430	154,701	57,929

(a) See Appropriation Report, Abstract D.

(b) Upper Burma.

(c) Lower Burma.

Fort William, Department of Finance and Commerce,
20 March 1888.E. W. Kellner,
Deputy Comptroller General.

EXPENDITURE of the GOVERNMENT OF INDIA, in INDIA and in ENGLAND—continued.

	ACCOUNTS. 1888-87.			REVISED ESTIMATE, 1887-88.			BUDGET ESTIMATE, 1888-89.		
	India.	England.	TOTAL.	India.	England.	TOTAL.	India.	England.	TOTAL.
Brought forward - - -	Rr. 96,180,302	£. 21,064,878	- - -	Rr. 96,159,300	£. 16,631,400	- - -	Rr. 95,122,900	£. 16,228,200	- - -
Loans to Municipalities, Native States, &c.	1,053,200	- - -	1,053,200	689,800	- - -	689,800	670,000	- - -	670,000
Net - - -	- - -	- - -	0	- - -	- - -	422,500	- - -	- - -	486,800
Payments to Railway Companies on Capital Account:									
For discharge of Debentures	- - -	1,417,800	- - -	- - -	426,000	- - -	- - -	3,014,000	- - -
For Expenditure	3,641,145	1,594,076	- - -	4,554,700	2,718,600	- - -	4,279,300	2,901,300	- - -
Total - - -	3,641,145	3,011,876	6,653,021	4,554,700	3,144,600	7,699,300	4,279,300	5,915,300	10,194,600
Net - - -	- - -	- - -	684,373	- - -	- - -	716,900	- - -	- - -	3,143,400
Remittances:									
Inland Money Orders - - -	10,519,085	- - -	- - -	11,646,300	- - -	- - -	12,794,100	- - -	- - -
Other Departmental Accounts	155,388	- - -	- - -	291,600	- - -	- - -	219,900	- - -	- - -
Net Payments into Civil Treasuries by—									
Post Office - - -	2,137,247	- - -	- - -	934,300	- - -	- - -	916,300	- - -	- - -
Guaranteed Railways - - -	3,722,951	- - -	- - -	3,400,200	- - -	- - -	3,247,400	- - -	- - -
Net Issues from Civil Treasuries to—									
Telegraph - - -	62,234	- - -	- - -	56,200	- - -	- - -	39,900	- - -	- - -
Marine - - -	378,399	- - -	- - -	273,500	- - -	- - -	288,500	- - -	- - -
Military - - -	12,916,977	- - -	- - -	13,702,900	- - -	- - -	13,373,600	- - -	- - -
Public Works - - -	5,176,278	- - -	- - -	4,145,800	- - -	- - -	5,290,900	- - -	- - -
Remittance Account between England and India.	174,268	2,253,174	- - -	115,200	1,183,000	- - -	108,200	1,211,700	- - -
Total - - -	35,242,827	2,253,174	37,496,001	34,566,000	1,183,000	35,749,000	36,308,800	1,211,700	37,520,500
Net - - -	- - -	- - -	0	- - -	- - -	0	- - -	- - -	69,300
SECRETARY OF STATE'S BILLS PAID.	12,177,689	- - -	12,177,689	14,691,100	- - -	14,691,100	14,548,500	- - -	14,548,500
TOTAL DISBURSEMENTS - - -	148,295,223	26,329,928	- - -	150,660,900	20,959,000	- - -	150,929,500	23,355,200	- - -
Closing Balance - - -	13,195,785	5,280,829	- - -	13,733,085	5,614,329	- - -	11,581,385	2,278,429	- - -
GRAND TOTAL - - -	161,491,008	31,610,757	- - -	164,393,985	26,573,329	- - -	162,510,885	25,633,629	- - -

E. Gay,
Comptroller General.

E. J. Sinkinson,
Officiating Secretary to the Government of India.

at the disposal of PROVINCIAL GOVERNMENTS under their PROVINCIAL CONTRACTS.

LOCAL BALANCES.

of Deposits and Advances upon Local Fund Accounts.

Bengal.	North Western Provinces and Oudh.	Punjab.	Madras.	Bombay.	TOTAL.
Rr. 365,052	Rr. 469,108	Rr. 332,696	Rr. 824,869	Rr. 886,893	Rr. 3,383,092
52,488	- - -	23,820	144,062	- - -	316,482
- - -	10,120	- - -	- - -	121,415	280,817
417,540	449,988	356,516	968,931	765,478	3,418,757
417,540	449,983	356,516	968,931	765,478	3,418,757
165,700	- - -	- - -	83,800	- - -	293,700
- - -	128,600	12,000	- - -	88,200	266,000
583,240	321,388	343,916	1,052,731	677,278	3,446,457
583,240	321,388	343,916	1,052,731	677,278	3,446,457
- - -	- - -	- - -	- - -	- - -	9,800
73,000	90,800	61,300	41,500	130,600	493,400
510,240	239,588	282,616	1,011,231	540,678	2,062,857

E. Gay,
Comptroller General.

E. J. Sinkinson,
Officiating Secretary to the Government of India.

E.—STATEMENT of NET REVENUE and EXPENDITURE.—ENGLAND and INDIA.

NET REVENUE. - - - - -

	ACCOUNTS, 1886-87.				
	Gross Revenue.	Refunds and Drawbacks.	Total, after deducting Refunds and Drawbacks.	Charges in respect of Collection.	Net Revenue.
	<i>Rx.</i>	<i>Rx.</i>	<i>Rx.</i>	<i>Rx.</i>	<i>Rx.</i>
Land Revenue - - - - -	23,055,724	85,269	23,020,515	3,464,252	19,556,263
Opium - - - - -	8,942,976	68	8,942,908	2,729,063	6,213,845
Salt - - - - -	6,657,644	30,361	6,627,283	486,172	6,141,111
Stamps - - - - -	3,751,280	45,494	3,705,786	146,814	3,558,972
Excise - - - - -	4,375,174	38,744	4,336,430	116,730	4,219,700
Provincial Rates - - - - -	2,999,861	6,850	2,993,011	51,105	2,941,906
Customs - - - - -	1,246,293	28,118	1,218,175	135,818	1,082,357
Assessed Taxes - - - - -	1,354,735	27,067	1,327,668	50,158	1,277,510
Forest - - - - -	1,103,970	1,499	1,102,471	719,765	382,706
Registration - - - - -	299,059	1,122	297,937	184,845	113,092
Tributes from Native States - - - - -	695,415	-	695,415	-	695,415
	54,482,131	214,532	54,267,599	8,084,722	46,182,877
<i>Deduct</i> ,—Assignments and Compensations - - - - -	-	-	-	-	1,446,937
TOTAL NET REVENUE - - - - -	-	-	-	-	44,735,940

NET EXPENDITURE. - - - - -

	ACCOUNTS, 1886-87.		
	Gross Expenditure.	Receipts.	Net Expenditure.
	<i>Rx.</i>	<i>Rx.</i>	<i>Rx.</i>
Interest - - - - -	4,310,403	670,548	3,639,855
Post Office, Telegraph, and Mint - - - - -	2,145,262	2,027,482	117,780
Civil Departments - - - - -	12,698,516	1,461,658	11,236,858
Miscellaneous Civil Charges - - - - -	4,701,057	848,274	3,852,783
Famine Relief and Insurance - - - - -	309,020	-	309,020
Construction of Railways (charged against Revenue in addition to that under Famine Insurance).	183,077	-	183,077
Railways Revenue Account - - - - -	15,666,427	14,477,759	1,188,668
Irrigation - - - - -	2,310,654	1,656,705	653,949
Buildings and Roads - - - - -	5,201,767	727,574	4,474,193
Army Services - - - - -	19,525,042	985,003	18,540,039
Special Defence Works - - - - -	325,626	-	325,626
	67,376,851	22,855,003	44,521,848
Provincial and Local Surpluses and Deficits - - - - -	+ 316,482	- 280,817	+ 35,665
TOTAL NET EXPENDITURE - - - - -	-	-	44,557,513
Surplus (+) or Deficit (-) - - - - -	-	-	+ 178,427
			44,735,940

E.—STATEMENT of NET REVENUE and EXPENDITURE.—ENGLAND and INDIA.

NET REVENUE.

REVISED ESTIMATE, 1887-88.					BUDGET ESTIMATE, 1888-89.				
Gross Revenue.	Refunds and Drawbacks.	Total, after deducting Refunds and Drawbacks.	Charges in respect of Collection.	Net Revenue.	Gross Revenue.	Refunds and Drawbacks.	Total, after deducting Refunds and Drawbacks.	Charges in respect of Collection.	Net Revenue.
Rx.	Rx.	Rx.	Rx.	Rx.	Rx.	Rx.	Rx.	Rx.	Rx.
22,982,900	43,100	22,939,800	3,519,100	19,420,700	23,090,500	37,000	23,053,500	3,684,100	19,369,400
8,544,200	500	8,543,700	2,512,100	6,031,600	8,453,900	200	8,453,700	2,554,700	5,899,000
6,723,100	32,100	6,691,000	429,400	6,261,600	8,122,500	29,000	8,093,500	450,900	7,642,600
3,848,100	44,600	3,803,500	163,800	3,639,700	3,854,400	43,500	3,810,900	175,000	3,635,900
4,503,100	32,000	4,471,100	122,500	4,348,600	4,609,500	29,400	4,580,100	127,700	4,452,400
2,998,700	6,000	2,992,700	64,000	2,928,700	3,013,300	5,200	3,008,100	57,600	2,950,500
1,346,600	27,700	1,318,900	137,000	1,181,900	1,369,100	27,800	1,341,300	138,500	1,202,800
1,417,100	22,300	1,394,800	30,600	1,364,200	1,451,800	20,500	1,431,300	27,300	1,404,000
1,141,700	2,400	1,139,300	763,300	376,000	1,171,600	1,400	1,170,200	770,600	399,600
310,200	1,000	309,200	188,900	120,300	307,900	1,100	306,800	187,500	119,300
740,000	-	740,000	-	740,000	767,900	-	767,900	-	767,900
54,555,700	211,700	54,344,000	7,930,700	46,413,300	56,212,400	195,100	56,017,300	8,173,900	47,843,400
-	-	-	-	1,469,100	-	-	-	-	1,494,000
-	-	-	-	44,944,200	-	-	-	-	46,349,400

NET EXPENDITURE.

REVISED ESTIMATE, 1887-88.			BUDGET ESTIMATE, 1888-89.		
Gross Expenditure.	Receipts.	Net Expenditure.	Gross Expenditure.	Receipts.	Net Expenditure.
Rx.	Rx.	Rx.	Rx.	Rx.	Rx.
5,518,700	749,200	4,769,500	4,508,400	656,300	3,852,100
2,256,200	2,186,600	69,600	2,182,200	2,131,300	50,900
12,897,300	1,419,500	11,477,800	13,098,300	1,424,000	11,674,300
4,777,200	1,949,900	3,427,300	4,857,900	1,166,200	3,691,700
93,300	-	93,300	73,200	-	73,200
81,700	-	81,700	43,800	-	43,800
16,567,100	14,412,800	2,154,300	17,299,600	15,184,700	2,114,900
2,484,400	1,706,800	777,600	2,582,300	1,758,700	823,600
5,599,600	566,200	5,033,400	5,592,900	555,100	5,037,800
20,459,700	979,900	19,479,800	19,059,000	921,800	19,047,200
568,900	-	568,900	1,121,500	-	1,121,500
71,304,100	23,370,900	47,933,200	71,329,100	23,798,100	47,531,000
+ 293,700	- 266,000	+ 27,700	+ 9,800	- 493,400	- 483,600
-	-	47,960,900	-	-	47,047,400
-	-	- 3,016,700	-	-	- 698,000
-	-	44,944,200	-	-	46,349,400

E. Gay,
Comptroller General.

E. J. Sinkinson,
Officiating Secretary to the Government of India.

APPENDIX II.

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APPENDIX II
COMMERCIAL AND FINANCIAL STATISTICS.

TABLE I.—MISCELLANEOUS.

	1879-80.	1880-81.	1881-82.	
	£.	£.	£.	
Deficit of recorded Revenue compared with whole recorded Expenditure.	4,547,279	7,700,644	728,696	1
Capital Expenditure on Public Works not charged against Revenue.	3,364,330	3,656,505	3,311,423	2
Recorded Revenue compared with the recorded Expenditure, excluding Capital Expenditure on Public Works not charged against Revenue:				
Surplus	-	-	2,582,727	3
Deficit	1,182,949	4,044,139	-	4
Net Public Debt incurred	* 5,105,160	5,679,815	- 466,636	5
Net Public Debt incurred, including capital transactions with Guaranteed Railway and other Companies.	5,756,708	5,339,444	- 773,867	6
Value of commodities exported, excluding Gold and Silver	67,212,000	74,581,000	81,968,000	7
Value of commodities imported, excluding Gold and Silver	41,166,000	53,117,000	49,113,000	8
Excess of Exports over Imports, excluding Gold and Silver	26,046,000	21,464,000	32,855,000	9
Net Imports of Gold	1,750,000	3,655,000	4,844,000	10
Net Imports of Silver	7,870,000	3,898,900	5,379,000	11
TOTAL Net Imports of Gold and Silver	9,620,000	7,548,000	10,223,000	12
Excess of Exports over Imports, including Gold and Silver	16,426,000	13,916,000	22,632,000	13
Grand Total Value of Imports and Exports of all kinds	122,069,000	138,126,000	143,504,000	14
Secretary of State's Bills sold (rupees)	<i>Rs.</i> 18,95,71,000	<i>Rs.</i> 18,32,77,000	<i>Rs.</i> 22,21,09,350	15
Sterling equivalent received	† 15,748,757	15,339,677	18,412,429	16
Silver coined at the Indian Mints	10,257,093	4,249,676	2,186,275	17
Gold coined in Germany	1,509,877	-	-	18
Silver coined in Germany	-	-	-	19
Maximum price of an oz. Troy standard silver in London	53½ (Nov.)	52½ (July)	52½	20
Minimum - ditto - ditto	49½ (April)	51 (Jan.)	50½ (July)	21
Maximum price of a sovereign in Calcutta	<i>Rs. a.</i> 12 11 (May)	<i>Rs. a.</i> 12 6 throughout the year.	<i>Rs. a. p.</i> 12 6 4 throughout.	22
Minimum - ditto - ditto	11 15 (Jan.)	1 s. 7-956 d.	1 s. 7-895 d.	23
Average exchange upon Secretary of State's Bills sold per rupee	1 s. 7-94 d.	1 s. 8½ d.	1 s. 8 d.	24
Fixed rate of exchange for the adjustment of transactions between the Indian and Imperial Treasuries.	1 s. 7½ d.	1 s. 8½ d.	1 s. 8 d.	25
Maximum rate of discount on Loans on demand at the Bank of Bengal, Calcutta.	9 (April)	7 (April)	9 (Feb.)	26
Minimum - ditto - ditto	3 (Jan.)	3 (Nov. to Jan.)	4 (June)	27
Maximum rate of discount at the Bank of England	3 (April to Oct.)	3 (April)	6 (Feb.)	28
Minimum - ditto - ditto	2 (Nov. to Feb.)	2½	2½ throughout first half year.	29
Maximum Money Balances of the three Presidency Banks	£. 7,733,500 (Feb.)	£. 7,472,500 (Feb.)	£. 6,097,600 (July)	30
Minimum - ditto - ditto	4,150,400 (April)	4,442,700 (March)	3,546,700 (Dec.)	31
Maximum price in Calcutta of Government 4 per cent. Rupee Securities.	95½ (July)	102½ (March)	106-6 (July)	32
Minimum - ditto - ditto	91½ (May)	93-10 (May)	99-8 (Aug.)	33
Maximum amount outstanding on London Register of Rupee Securities enfaced for interest drafts.	£. 19,431,239 (March)	£. 19,739,473 (June)	£. 21,525,400 (Feb.)	34
Minimum - ditto - ditto	15,908,182 (May)	18,719,445 (Jan.)	19,013,600 (April)	35
Maximum price in London of 4 per cent. Securities (in gold)	80½ (Oct.)	84½ (Feb.)	87 (July)	36
Minimum - ditto - ditto	71½ (May)	78 (May)	82½ (Sept.)	37
Maximum price in London of Secretary of State's 4 per cent. Sterling Bonds.	105½	105½ (Jan.)	106½ (July)	38
Minimum - ditto - ditto	100½	101 (Sept.)	103½ (Sept.)	39
Maximum Government Paper Currency outstanding	£. 14,329,700 (Jan.)	£. 14,513,100 (Dec.)	£. 14,422,600 (Sept.)	40
Minimum - ditto - ditto	11,113,800 (June)	12,528,400 (April)	12,692,200 (April)	41
Number of Savings Banks	371	388	372	42
Number of Depositors in Savings Banks	91,288	107,778	114,942	43
Amount deposited in Savings Banks	£. 2,282,823	£. 3,213,671	£. 3,272,649	44
Average of each deposit	25	29	28	45
Net addition to deposits	370,422	990,848	58,978	46
Cash Reserve at the Bank of France in December of each year, in 000's of francs.	<i>Frs.</i> 1,979,017	<i>Frs.</i> 1,786,873	<i>Frs.</i> 1,817,164	47
Silver - ditto - ditto	1,220,501	1,222,604	1,181,468	48
Percentage of Silver on the Total Reserve	62	68	64	49

* Exclusive of 9,730,862 L., Debt incurred for the purchase of the East Indian Railway.
† Includes 486,947 L., Gold Remittances from India.

APPENDIX II
COMMERCIAL AND FINANCIAL STATISTICS.

TABLE L—MISCELLANEOUS.

	1882-83.	1883-84.	1884-85.	1885-86.	1886-87.	Revised Estimate, 1887-88.	Budget, 1888-89.
	£.	£.	£.	£.	£.	£.	£.
1	3,943,265	2,604,533	5,542,633	8,077,090	5,687,402	5,993,500	4,742,500
2	4,649,898	3,992,029	5,392,898	5,275,364	5,670,484	2,976,800	4,044,500
3	706,633	1,387,496	—	—	—	—	—
4	—	—	149,735	2,801,726	16,918	3,016,700	698,000
5	2,509,150	3,062,953	1,193,924	3,584,979	9,727,538	5,434,000	2,988,500
6	4,105,769	2,219,364	801,966	7,735,903	9,043,165	4,717,100	—144,900
7	83,485,000	88,176,000	83,255,000	83,881,000	88,470,000	—	—
8	52,026,000	55,279,000	55,703,000	55,656,000	61,777,000	—	—
9	31,389,000	32,897,000	27,552,000	28,225,000	26,693,000	—	—
10	4,031,000	5,463,000	4,672,000	2,763,000	2,177,000	—	—
11	7,480,000	6,405,000	7,246,000	11,607,000	7,156,000	—	—
12	12,411,000	11,868,000	11,918,000	14,370,000	9,333,000	—	—
13	18,978,000	21,029,000	15,634,000	13,855,000	17,360,000	—	—
14	150,076,000	157,344,000	154,817,000	156,123,000	163,021,000	—	—
15	Rs. 18,58,56,593	Rs. 21,62,15,462	Rs. 17,10,22,119	Rs. 13,53,25,369	Rs. 16,70,03,150	—	—
16	£. 15,120,521	£. 17,599,805	£. 13,758,909	£. 10,292,692	£. 12,136,279	—	—
17	6,508,457	3,663,400	5,794,200	10,285,566	4,616,537	—	—
18	—	—	—	—	—	—	—
19	—	—	—	—	—	—	—
20	52½ (June)	51¼ (Feb.)	51 (April)	50½ (May)	47½ (Jan.)	45½ (Dec.)	—
21	50 (Dec.)	50½ (May and June).	48½ (Feb.)	46½ (Jan.)	42 (Aug.)	42½ (April)	—
22	—	—	—	—	—	—	—
23	—	—	—	—	—	—	—
24	1 s. 7-525 d.	1 s. 7-536 d.	1 s. 7-308 d.	1 s. 6-2541241 d.	1 s. 5-440 d.	—	—
25	1 s. 8 d.	1 s. 7½ d.	1 s. 7¼ d.	1 s. 7¼ d.	1 s. 6¼ d.	1 s. 49 d.	1 s. 49 d.
26	10 (April)	9 (Mar.)	11 (April and May)	9 (May)	8 (June, July, Feb. and March)	9 (April and May)	—
27	4 (Sept.)	5	3 (Nov. and Dec.)	4 (From July to Jan.)	5 (Nov., Dec., & Jan.)	3 (Oct. to Dec.)	—
28	5 (Sept.)	4	5 (Nov., Dec. & Jan.)	4 (Dec.)	5 (Dec. and Jan.)	4 (Sept. to Jan.)	—
29	3 (March)	3	2 (June to Sept.)	2 (May to Nov.)	2 (April & May)	2 (April to Aug.)	—
30	£. 6,712,300 (Oct.)	£. 5,556,700 (Aug.)	£. 5,731,200 (Nov.)	£. 6,486,800 (Dec.)	£. 4,594,600 (June)	£. 3,556,300 (June)	—
31	3,424,200 (April)	3,167,100 (Jan.)	2,991,900 (May)	3,638,800 (May)	3,296,500 (Sept.)	2,861,600 (Dec.)	—
32	102-4 (Feb.)	101-1 (April)	101-12 (June)	99-14 (July)	98-2 (Sept.)	100 (Oct.)	—
33	99 (Oct.)	94-8 (Feb.)	94-13 (March)	91-12 (May)	95 (Feb.)	95-4 (April)	—
34	£. 21,420,700 (Feb.)	£. 21,405,500 (May)	£. 21,068,000 (May)	£. 20,582,400 (April)	£. 19,710,300 (Oct.)	£. 20,711,200 (Feb.)	—
35	21,059,000 (Aug.)	20,626,200 (Aug.)	20,594,300 (Feb.)	19,179,300 (Jan.)	19,056,200 (Mar.)	18,919,500 (Oct.)	—
36	85½ (May)	81¼ (April)	82¼ (May)	78¼ (July)	73¼ (Nov.)	70¼ (Sept.)	—
37	79¼ (Dec.)	77¼ (Jan.)	74 (March)	71¼ (Jan.)	65½ (Aug.)	67 (April)	—
38	105 (Jan.)	103½ (Jan.)	104¼ (Aug.)	103½ (Feb.)	103 (Aug.)	—	—
39	102¼ (Oct.)	101¼ (Sept.)	98 (March)	97¼ (April)	100¼ (March)	—	—
40	£. 16,412,200 (Dec.)	£. 14,517,800 (Nov.)	£. 15,762,700 (Nov.)	£. 15,713,500 (Oct.)	£. 14,678,200 (Nov.)	£. 18,610,300 (Nov.)	—
41	13,584,700 (April)	12,023,300 (Feb.)	12,342,500 (April)	13,017,900 (April)	13,779,400 (April)	13,479,600 (April)	—
42	349	354	360	† 364	‡ 6,230	—	—
43	109,349	119,053	120,438	† 107,874	‡ 289,277	—	—
44	£. 3,356,247	£. 3,273,242	£. 3,358,203	£. † 2,798,659	£. ‡ 5,795,249	—	—
45	30	27	28	† 26	‡ 20	—	—
46	83,598	—83,905	80,996	—559,544	‡ + 2,996,590	—	—
47	—	—	—	—	—	—	—
48	—	—	—	—	—	—	—
49	—	—	—	—	—	—	—

‡ Excludes Post Office Banks and Civil Engineers' Provident Fund.
† Includes Post Office Banks, Civil Engineers' Provident Fund, &c.

APPENDIX II.—continued.

TABLE II.—SEA-BORNE TRADE for the YEAR. (Principal ARTICLES arranged in Order of their DECLARED VALUE.)

No.	EXPORTS.	1882-83.	1883-84.	1884-85.	1885-86.	1886-87.
1	Cotton— Raw:					
	Quantity - - - - - Cwt.	6,168,278	5,979,494	5,066,057	4,189,718	5,432,648
	Value - - - - - Rx.	16,049,017	14,383,728	13,286,367	10,777,204	13,468,429
	Average declared value per lb. - - - - - { Annas	As. 3 9	As. 3 5	As. 3 9	As. 3 8	As. 3 6
	- - - - - { Pence, at average exchange -	4 58	4 17	4 53	4 18	3 81
	Twist and Yarn:					
	Quantity - - - - - Lbs.	45,378,040	49,876,606	65,897,183	78,241,771	91,804,244
	Value - - - - - Rx.	1,810,818	1,926,162	2,441,101	2,755,252	3,336,861
	Average declared value per lb. - - - - - Annas	As. 6 5	As. 6 2	As. 5 11	As. 5 8	As. 5 10
	Other manufactures:					
	Value - - - - - Rx.	761,564	927,008	896,929	880,258	945,644
	Average declared value per yard - - - - - { Grey or unbleached	As. 1 10	As. 1 9	As. 1 9	As. 1 9	As. 1 10
	- - - - - { Coloured, printed, or dyed -	As. 4 10	As. 4 7	As. 4 10	As. 3 9	As. 4 7
	Percentage of manufactures on whole value exported -	13 84	16 55	20 08	25 22	24 13
2	Opium:					
	Quantity - - - - - Chests	91,798	91,963	86,578	87,956	95,839
	Value - - - - - Rx.	11,481,376	11,294,460	10,882,606	10,735,518	11,077,669
	Average declared value per chest, in rupees - - - - - Rupees	1,251	1,228	1,257	1,221	1,156
3	Seeds:					
	Quantity - - - - - Cwt.	13,139,206	17,355,588	18,250,688	17,280,147	15,866,604
	Value - - - - - Rx.	7,200,336	10,083,758	10,745,203	9,948,350	9,198,560
	Average declared value of linseed, per cwt. - - - - - { Rupees	5 3 10	5 5 10	5 9 10	5 13 1	5 15 9
	- - - - - { Shillings, at average exchange -	8 52	8 73	9 03	8 85	8 70
4	Rice and Paddy:					
	Quantity - - - - - Cwt.	31,258,288	27,039,859	22,051,532	28,222,595	26,879,272
	Value - - - - - Rx.	8,476,327	8,362,080	7,192,198	9,247,126	8,836,827
	Average declared value of husked rice, per cwt. - - - - - { Rupees	2 11 6	3 1 8	3 4 6	3 4 9	3 5 -
	- - - - - { Shillings, at average exchange -	4 42	5 05	5 28	5 01	4 81
5	Wheat:					
	Quantity - - - - - Cwt.	14,144,407	20,956,495	15,830,754	21,060,519	22,263,320
	Value - - - - - Rx.	6,068,934	8,877,561	6,809,140	8,002,350	8,625,864
	Average declared value per cwt. - - - - - { Rupees	4 4 8	4 3 9	3 15 9	3 12 9	3 14 -
	- - - - - { Shillings, at average exchange -	6 98	6 89	6 41	5 78	5 63
6	Jute:					
	Raw and manufactured—Value - - - - - Rx.	7,334,757	5,926,780	6,205,238	5,486,171	6,021,672
	Average declared value of raw jute per cwt. - - - - - { Rupees	5 10 5	6 8 8	5 9 1	5 9 6	5 13 10
	- - - - - { Shillings, at average exchange -	9 19	10 65	8 96	8 50	8 52
	Percentage of manufactures on whole value exported -	20 23	22 51	24 88	20 61	19 13
7	Hides and Skins:					
	Quantity - - - - - No.	26,534,068	28,153,063	29,164,677	32,376,309	31,860,787
	Value - - - - - Rx.	4,443,770	4,663,736	4,934,340	5,334,602	5,149,218
	Percentage of dressed or manufactured on whole value -	49 97	46 90	42 07	43 91	45 40
8	Tea:					
	Quantity - - - - - Lbs.	57,766,225	59,911,703	64,162,055	68,784,249	78,702,857
	Value - - - - - Rx.	3,699,496	4,083,880	4,044,759	4,306,133	4,727,992
	Average declared value per lb. - - - - - { Annas	As. 10 3	As. 10 11	As. 10 1	As. 10 -	As. 9 7
	- - - - - { Shillings, at average exchange -	1 04	1 11	1 01	95	87
9	Indigo:					
	Quantity - - - - - Cwt.	141,041	168,590	154,629	132,495	138,396
	Value - - - - - Rx.	3,912,907	4,640,991	4,068,900	3,783,160	3,691,677
	Average declared value per cwt. - - - - - { Rupees	27 7 -	27 5 4 6	26 3 2 3	28 5 8 6	26 6 11 11
	- - - - - { Sterling, at average exchange -	22 57	22 40	21 17	21 72	19 38
10	Coffee:					
	Quantity - - - - - Cwt.	353,324	340,025	328,317	371,027	370,458
	Value - - - - - Rx.	1,392,204	1,438,863	1,245,506	1,343,395	1,502,251
	Average declared value per cwt. - - - - - { Rupees	39 6 5	42 5 1	37 15 -	36 5 6	40 8 10
	- - - - - { Shillings, at average exchange -	64 11	68 87	61 05	55 28	58 94
11	Wool:					
	Raw and manufactured—Value - - - - - Rx.	948,755	876,541	831,919	953,069	985,484
	Average declared value of raw wool per lb. - - - - - { Annas	As. 5 10	As. 6 -	As. 6 -	As. 6 -	As. 6 2
	- - - - - { Pence, at average exchange -	7 12	7 32	7 24	6 85	6 72
12	Silk:					
	Raw and manufactured—Value - - - - - Rx.	820,719	913,345	792,354	661,835	802,443
	Average declared value of raw silk per lb. - - - - - { Rupees	4 - 1	3 14 8	2 15 4	2 4 11	3 - 11
	- - - - - { Shillings, at average exchange -	6 52	6 37	4 76	3 51	4 44
13	Lac:					
	Value - - - - - Rx.	609,016	556,730	599,399	588,286	520,169
14	Sugar:					
	Value - - - - - Rx.	808,776	943,218	546,069	525,412	504,803
15	Oils:					
	Value - - - - - Rx.	416,277	495,977	534,041	395,563	458,812
16	Saltpetre:					
	Quantity - - - - - Cwt.	399,565	491,668	451,917	402,174	397,572
	Value - - - - - Rx.	388,760	464,410	425,000	370,200	376,091
	Average declared value per cwt. - - - - - { Rupees	9 11 8	9 7 2	9 6 6	9 3 3	9 7 4
	- - - - - { Shillings, at average exchange -	15 83	15 38	15 14	14 00	13 75
17	Teak Wood:					
	Quantity - - - - - Cubic Tons	59,187	46,471	47,556	50,076	23,946
	Value - - - - - Rx.	611,260	525,447	532,129	550,515	223,154
	Average declared value per cubic ton - - - - - { Rupees	103 4 5	113 1 1	111 14 4	109 15 -	93 3 1
	- - - - - { Sterling, at average exchange -	8 40	9 20	9 00	8 36	6 77

APPENDIX II.—continued.

TABLE II.—Sea-borne Trade for the Year, &c.—continued.

No.	IMPORTS.	1882-83.	1883-84.	1884-85.	1885-86.	1886-87.
1	Cotton—					
	Twist and Yarn:					
	Quantity - - - - - Lbs.	44,859,383	45,379,516	45,801,397	45,916,126	49,014,194
	Value - - - - - Rxs.	3,378,220	3,465,968	3,360,540	3,172,178	3,318,404
	Average declared value per lb. { <i>Annas</i> - - - - - 12-05 <i>Pence, at average exchange</i> - - - - - 1 s. 2-70 d.		12-22 1 s. 2-92 d.	11-74 1 s. 2-17 d.	11-05 1 s. 0-60 d.	10-88 0 s. 11-8 d.
	Other Manufactures:					
	Value - - - - - Rxs.	21,442,372	21,651,392	21,207,106	21,124,848	25,853,827
	TOTAL COTTON GOODS—Gross Imports - Rxs.	24,820,592	25,117,360	24,567,646	24,297,026	29,172,231
	Re-exports—					
	Twist and Yarn:					
	Quantity - - - - - Lbs.	862,913	1,314,396	958,419	1,082,610	1,319,248
	Value - - - - - Rxs.	57,645	86,857	65,516	66,303	81,446
	Other Manufactures:					
	Value - - - - - Rxs.	1,331,582	1,399,010	1,183,088	1,368,715	1,490,700
	Total Re-exports - Rxs.	1,389,227	1,483,867	1,248,604	1,435,018	1,571,846
	TOTAL COTTON GOODS—Net Imports - Rxs.	23,431,365	23,631,493	23,319,042	22,862,008	27,600,385
2	Metals - - - - - Value Rxs.	4,831,492	5,380,181	4,978,577	4,986,307	4,845,736
3	Railway plant and rolling stock - - - - - "	2,023,349	2,870,942	2,830,082	4,317,565	3,327,832
4	Silk (Raw and Manufactured) - - - - - "	2,051,923	2,170,923	2,020,917	1,830,960	2,177,111
5	Sugar - - - - - "	1,086,961	1,148,370	2,140,838	1,458,097	2,080,540
6	Woolen Manufactures - - - - - "	1,076,388	1,372,403	1,326,669	1,463,023	1,660,905
7	Liquors - - - - - "	1,473,742	1,554,819	1,360,280	1,387,143	1,474,643
8	Machinery and mill-work - - - - - "	1,391,660	1,839,816	1,570,824	1,057,833	1,429,764
9	Oils - - - - - "	1,050,897	654,228	1,229,497	961,130	1,408,430
10	Coal (excluding Coke and Patent Fuel):					
	Quantity - - - - - Tons	638,304	631,244	713,972	770,517	740,155
	Value - - - - - Rxs.	1,012,208	1,104,788	1,199,739	1,249,710	1,258,793
	Average declared value per ton { <i>Rupees</i> - - - - - 15-86 <i>Shillings, at average exchange</i> - - - - - 25-81		16-22 26-40	16-80 27-03	16-22 24-67	17-01 24-72
11	Provisions - - - - - Value Rxs.	1,087,186	1,033,332	1,103,321	1,191,881	1,179,474
12	Apparel - - - - - "	798,633	909,084	890,923	956,097	1,001,848
13	Salt:					
	Quantity - - - - - Tons	338,065	383,090	412,831	363,088	416,592
	Value - - - - - Rxs.	515,184	623,011	649,233	596,048	768,987
	Average declared value per ton { <i>Rupees</i> - - - - - 15-24 <i>Shillings, at average exchange</i> - - - - - 24-80		16-26 26-46	15-73 25-31	16-43 24-97	18-46 26-83
14	Spices - - - - - Value Rxs.	510,854	557,109	602,165	718,678	663,845

TABLE III.—SEA-BORNE TRADE for the first ELEVEN MONTHS of the Year. (Principal ARTICLES arranged in Order of their DECLARED VALUE.)

	1883-84.	1884-85.	1885-86.	1886-87.	1887-88.
	£.	£.	£.	£.	£.
Value of commodities Exported, excluding gold and silver	79,484,318	74,457,959	74,380,930	79,157,402	81,366,021
Value of commodities Imported, excluding gold and silver	50,723,626	50,852,346	50,404,672	50,020,666	58,542,221
EXCESS EXPORTS - - - Rxs.	28,760,692	23,605,613	23,976,258	23,127,736	22,824,400
Net Imports of silver	4,675,347	6,441,677	10,180,734	6,158,853	8,051,227
Net Imports of gold	5,030,566	4,596,926	2,369,208	1,730,685	2,948,402
TOTAL NET IMPORTS of Gold and Silver - - Rxs.	9,705,913	11,038,603	12,549,942	7,889,538	10,999,629
GRAND TOTAL IMPORTS AND EXPORTS OF ALL KINDS - - - Rxs.	141,809,000	140,001,659	139,521,800	146,442,972	153,807,697

APPENDIX II.—continued.

TABLE III.—Sea-borne Trade for the first Eleven Months of the Year, &c.—continued.

No.	EXPORTS.	ELEVEN MONTHS, 1ST APRIL TO THE END OF FEBRUARY.				
		1883-84.	1884-85.	1885-86.	1886-87.	1887-88.
1	Cotton, Raw :					
	Quantity - - - - - Cwt.	5,259,746	4,503,678	3,387,909	4,536,417	4,657,300
	Value - - - - - Rs.	12,570,048	11,812,642	8,786,171	11,226,193	12,330,655
	Average value per lb. - - - Rs.	- 3 5	- 3 9	- 3 8	- 3 6	- 3 9
	Cotton Manufactures—					
	Twist and Yarn :					
	Quantity - - - - - Lbs.	45,011,679	61,006,927	69,489,658	82,676,694	103,311,654
	Value - - - - - Rs.	1,739,922	2,260,719	2,445,421	3,018,559	3,717,997
	Average value per lb. - - - Rs.	- 6 2	- 5 11	- 5 8	- 5 10	- 5 9
	Other Manufactures—Value - - - Rs.	838,673	791,859	805,155	865,600	1,049,891
	TOTAL COTTON (Raw and Manufactured) } Rs.	15,148,643	14,865,220	12,036,747	15,110,352	17,092,543
2	Opium :					
	Quantity - - - - - Chests	83,798	79,247	80,382	88,070	82,683
	Value - - - - - Rs.	10,270,513	9,977,646	9,822,278	10,191,881	9,236,340
	Average value per chest - - - Rs.	1,225 10 -	1,259 - 11	1,221 15 2	1,157 4 -	1,117 1 3
3	Seeds :					
	Quantity - - - - - Cwt.	15,878,495	16,239,624	15,760,875	14,849,048	15,086,850
	Value - - - - - Rs.	9,188,373	9,543,640	9,029,893	8,590,881	8,795,577
	Average value per cwt. - - - Rs.	5 12 7	5 14 -	5 11 8	5 12 7	5 13 3
4	Rice and Paddy :					
	Quantity - - - - - Cwt.	21,793,368	16,630,191	21,408,823	20,587,925	22,411,009
	Value - - - - - Rs.	6,713,779	5,637,598	7,133,649	6,968,866	7,409,029
	Average value per cwt. - - - Rs.	3 1 3	3 6 3	3 5 4	3 6 2	3 4 11
5	Jute (Raw and Manufactured) Value Rs.	5,481,951	5,889,800	5,016,489	5,430,353	7,255,494
6	Wheat :					
	Quantity - - - - - Cwt.	20,190,474	14,263,914	20,216,118	21,659,241	19,091,498
	Value - - - - - Rs.	8,530,489	5,721,098	7,685,063	8,373,563	5,348,319
	Average value per cwt. - - - Rs.	4 3 7	4 - 2	3 12 10	3 13 10	4 1 8
7	Tea :					
	Quantity - - - - - Lbs.	58,624,439	62,413,413	67,827,916	77,543,424	86,830,946
	Value - - - - - Rs.	4,005,938	3,934,628	4,245,219	4,665,307	5,137,597
	Average value per lb. - - - Rs.	- 10 11	- 10 1	- 10 -	- 9 8	- 9 6
8	Hides and Skins :					
	Quantity - - - - - Cwt.	811,783	870,298	963,103	875,558	770,304
	Value - - - - - Rs.	4,144,595	4,279,517	4,659,631	4,561,806	4,291,842
	Average value per cwt. - - - Rs.	51 1 10	49 2 9	48 6 1	52 1 8	55 11 6
9	Indigo :					
	Quantity - - - - - Cwt.	159,143	144,722	126,044	128,902	129,401
	Value - - - - - Rs.	4,425,507	3,835,117	3,629,759	3,472,657	3,645,235
	Average value per cwt. - - - Rs.	278 1 4	265 - -	287 15 7	269 6 5	281 11 3
10	Coffee :					
	Quantity - - - - - Cwt.	251,770	257,116	273,609	294,071	210,227
	Value - - - - - Rs.	1,058,649	951,191	975,846	1,125,480	1,184,277
	Average value per cwt. - - - Rs.	42 - 9	36 15 11	35 10 8	38 4 4	56 5 4
11	Wool (Raw and Manufactured) Value Rs.	817,347	758,953	853,955	917,475	992,611
12	Silk (Raw and Manufactured) "	849,408	715,962	602,723	702,303	763,784
13	Lac - - - - - Rs.	500,481	534,028	529,711	458,583	458,526
14	Sugar - - - - - Rs.	901,727	538,358	463,269	470,272	424,377
15	Oils - - - - - Rs.	414,807	446,279	352,454	406,925	416,674
16	Saltpetre :					
	Quantity - - - - - Cwt.	445,892	392,503	370,623	350,257	349,288
	Value - - - - - Rs.	422,959	369,646	340,199	329,148	329,522
	Average value per cwt. - - - Rs.	9 7 9	9 6 8	9 2 10	9 6 4	9 6 11
17	Teak :					
	Quantity - - - - - Cubic Tons	41,460	43,795	47,480	21,607	36,489
	Value - - - - - Rs.	471,799	430,654	524,417	200,158	323,894
	Average value per cubic ton - - - Rs.	113 12 9	112 - 7	110 7 2	92 10 2	88 12 3

APPENDIX II.—continued.

TABLE III.—Sea-borne Trade for the first Eleven Months of the Year, &c.—continued.

No.	I M P O R T S.	ELEVEN MONTHS, 1ST APRIL TO THE END OF FEBRUARY.				
		1883-84.	1884-85.	1885-86.	1886-87.	1887-88.
1	COTTON—					
	Twist and Yarn:					
	Quantity - - - - Lbs.	41,770,268	42,652,756	41,038,974	43,594,229	46,098,925
	Value - - - - - Rs.	3,185,202	3,139,078	2,852,513	2,960,518	3,189,488
	Average value per lb. - - - Rs.	- 12 2	- 11 9	- 11 1	- 10 11	- 11 1
	Ditto - in sterling, at average exchange.	1 s. 2½ d.	1 s. 2½ d.	1 s. 0¾ d.	1 s. 0 d.	0 s. 11½ d.
	Other Manufactures - Value Rs.	20,175,001	19,292,548	18,973,701	23,578,344	21,593,457
	TOTAL COTTON GOODS— } Gross Imports - - - } Rs.	23,360,203	22,431,626	21,826,214	26,538,862	24,782,945
	Re-exports—					
	Twist and Yarn:					
	Quantity - - - - Lbs.	1,216,716	862,546	1,008,115	1,252,289	910,759
	Value - - - - - Rs.	76,606	58,158	61,632	76,695	58,846
	Average Value per lb. - - - Rs.	- 10 1	- 10 9	- 9 9	- 9 10	- 10 4
	Other Manufactures - Value Rs.	1,305,070	1,075,055	1,267,183	1,351,181	1,482,548
	Total Re-exports - - - Rs.	1,381,676	1,133,213	1,329,415	1,427,876	1,541,394
	TOTAL COTTON GOODS— } Net Imports - - - } Rs.	21,978,527	21,298,413	20,496,799	25,110,986	23,241,551
2	Metals - - - - - Value Rs.	4,843,119	4,546,007	4,502,923	4,262,191	4,952,884
3	Railway Plant and Rolling Stock.	2,540,881	2,574,066	3,854,058	3,117,919	3,322,911
4	Silk (Raw and Manufactured) - "	2,000,128	1,896,309	1,732,387	2,000,998	2,688,344
5	Sugar - - - - - "	1,025,982	1,926,411	1,379,888	1,959,382	1,848,830
6	Woollen Manufactures - - - "	1,291,861	1,250,370	1,380,889	1,581,179	1,719,106
7	Machinery and Millwork - - - "	1,660,467	1,441,243	979,235	1,252,302	1,649,872
8	Provisions - - - - - "	961,194	1,016,958	1,104,391	1,081,645	1,388,538
9	Coal (excluding Coke and Patent Fuel):					
	Quantity - - - - - Tons	572,553	588,173	679,475	648,651	708,579
	Value - - - - - Rs.	924,534	985,394	1,097,144	1,076,688	1,367,429
	Average Value per Ton - - - Rs.	16 2 4	16 12 1	16 2 4	16 9 7	19 4 9
10	Liquors - - - - - Value Rs.	1,409,154	1,227,760	1,264,426	1,317,005	1,348,435
11	Oils - - - - - "	608,551	1,127,285	821,644	1,235,681	1,337,627
12	Apparel - - - - - "	837,680	823,997	871,117	909,646	1,055,792
13	Spices - - - - - "	517,381	539,636	659,516	608,298	845,128
14	Salt:					
	Quantity - - - - - Tons	346,778	385,543	332,291	379,617	410,722
	Value - - - - - Rs.	563,596	601,761	542,266	695,295	760,252
	Average Value per Ton - - - Rs.	16 4 -	15 9 9	16 5 1	18 5 1	18 8 2

APPENDIX II.—continued.

TABLE IV.—WHOLESALE PRICES OF TYPICAL COMMODITIES IN GOLD AND SILVER IN
London and Calcutta in December in each Year.

(Prices of March 1873 = 100.)

In LONDON— (Prices quoted from the London "Economist"):	Measured in Gold.								Measured in Silver.							
	1880.	1881.	1882.	1883.	1884.	1885.	1886.	1887.	1880.	1881.	1882.	1883.	1884.	1885.	1886.	1887.
Scotch pig-iron (warrants)	43	44	41	86	36	35	37	37	50	51	49	42	43	45	48	49
Coals, Hetton, Wallsend (London).	52	51	54	54	52	51	51	49	60	59	65	63	62	66	67	66
Copper, Chili bars - -	68	79	73	65	54	45	43	95	78	91	87	76	64	58	56	127
Straits tin - - -	63	76	64	58	52	64	69	115	73	88	76	68	62	81	89	153
Wheat - - - -	77	80	74	70	57	55	61	56	89	92	88	82	68	69	80	74
Flour, town-made - -	81	91	71	67	54	53	56	54	93	105	85	78	65	68	71	73
Beef, inferior - - -	100	97	97	97	98	75	75	75	116	112	116	113	117	95	97	100
Cotton, No. 40, mule twist	75	77	70	69	70	64	60	62	87	89	84	81	83	82	77	84
Wool, Southdown hogs -	76	68	59	61	52	51	59	55	87	78	71	71	63	65	76	73
Sugar, foreign Muscovado	80	71	62	64	44	60	42	56	92	82	74	75	52	77	55	75
Coffee - - - -	71	64	74	63	66	65	86	102	81	74	88	97	79	83	111	136
Saltpetre - - - -	102	105	90	87	81	78	77	77	118	121	108	102	97	100	99	103
Gold - - - -	-	-	-	-	-	-	-	-	115	115	119	117	119	127	130	134
Silver - - - -	86	87	84	85	84	79	77	75	-	-	-	-	-	-	-	-
In CALCUTTA—(Prices quoted from the "Calcutta Price Current"):																
Grey shirtings (8½ lbs.) - - -	-	-	-	-	-	-	-	-	80	78	75	74	76	80	81	79
Mule twist, white, good, No. 40	-	-	-	-	-	-	-	-	83	81	75	75	72	71	62	72
" " Turkey red, No. 40 (12 lbs.)	-	-	-	-	-	-	-	-	69	69	55	65	58	57	58	58
" " Orange, No. 40—60	-	-	-	-	-	-	-	-	88	85	80	82	78	73	75	86
Copper, sheathing - - - -	-	-	-	-	-	-	-	-	80	87	79	77	65	58	65	90
Iron, flat, bolt, bar, and square -	-	-	-	-	-	-	-	-	56	65	60	62	54	50	53	59
Spelter, hard - - - -	-	-	-	-	-	-	-	-	95	96	125	79	84	97	109	128
Hides, buffalo, slaughtered	-	-	-	-	-	-	-	-	93	88	87	72	71	77	80	69
Indigo, good - - - -	-	-	-	-	-	-	-	-	105	113	101	116	103	110	72	82
Jute, picked - - - -	-	-	-	-	-	-	-	-	148	140	96	164	110	118	131	153
Lacdye, fine - - - -	-	-	-	-	-	-	-	-	49	36	27	-	-	-	-	-
Shell lac, fine orange	-	-	-	-	-	-	-	-	122	93	80	98	56	59	56	68
Linseed, fine bold clean	-	-	-	-	-	-	-	-	104	93	86	95	95	101	98	94
Rice, Ballam - - - -	-	-	-	-	-	-	-	-	103	97	109	138	139	176	106	118
Silk, raw, Cossimbazar	-	-	-	-	-	-	-	-	80	86	78	66	60	73	89	64
Ten, good Souchong - - -	-	-	-	-	-	-	-	-	64	82	59	64	55	64	55	50
Wheat, Doodiah - - - -	-	-	-	-	-	-	-	-	92	92	84	85	66	72	81	76
Gold - - - -	-	-	-	-	-	-	-	-	112	112	115	112	119	122	123	131

* The values measured in silver in London have been calculated from the values in gold on the basis of the price of standard silver in London.

APPENDIX II.—continued.

TABLE V.—STATEMENT showing the true Financial Results to the REVENUES of India of the Guarantee of Interest upon the Capital of GUARANTEED RAILWAY COMPANIES.

	1882-83.	1883-84.	1884-85.	1885-86.	1886-87.	1887-88.		1888-89. Budget Estimate.
						Budget Estimate.	Revised* Estimate.	
Open mileage at end of official year.	Miles. 4,611	Miles. 4,636	Miles. 4,528	Miles. 3,921	Miles. 3,896	Miles. 3,910	Miles. 3,910	Miles. 3,910
Gross Traffic Receipts - - Rz.	7,813,407	7,836,035	7,606,685	7,809,537	7,280,512	7,110,000	7,154,000	6,985,000
Working Expenses - - Rz.	4,231,451	4,147,892	4,128,385	4,084,462	3,633,396	3,595,000	3,620,000	3,580,000
Percentage of Working Expenses on Receipts - - Rz.	54.15	52.86	54.27	52.30	49.91	50.56	50.60	51.25
Net Traffic Receipts - - Rz.	3,582,046	3,688,143	3,478,300	3,725,075	3,647,116	3,515,000	3,534,000	3,405,000
Net gain by the remittance to England of Capital Receipts and Disbursements in India at the Contract Rates of Exchange, instead of at the average yearly rates obtained for the Secretary of State's bills - - Rz.	-	-	1,036	-	-	-	-	-
TOTAL Revenue - Rz.	3,582,046	3,688,143	3,479,336	3,725,075	3,647,116	3,515,000	3,534,000	3,405,000
Gross Guaranteed Interest paid in India - - Rz.	8,038	12,521	29,650	49,767	10,648	29,400	29,900	8,500
Gross Guaranteed Interest paid in London - - £.	3,309,834	3,284,241	3,217,240	3,180,735	2,696,976	2,700,000	2,695,000	2,722,000
Total Guaranteed Interest (Sterling Payments converted at the average exchange of the year) Rz.	4,077,125	4,047,246	4,028,654	4,291,707	3,721,864	3,732,300	3,856,800	3,873,700
Surplus Paid to Railway Companies - - Rz.	486,590	569,946	431,495	397,129	534,593	508,000	663,000	470,000
Land and Supervision - - Rz.	72,182	67,326	61,457	79,553	66,235	65,000	58,000	57,560
Interest on Revenue Balances Rz.	1,647	1,872	1,865	1,419	1,827	2,500	2,400	3,000
Net Loss on Receipts and Disbursements of Capital in India, calculated in the same way as the gain - - Rz.	66,305	86,675	-	48,006	115,343	10,000	75,800	93,200
TOTAL Expenditure - Rz.	4,703,849	4,773,065	4,523,471	4,757,814	4,439,867	4,317,800	4,656,000	4,497,400
Net Expenditure from the Public Treasury - - Rz.	1,121,803	1,084,922	1,044,185	1,032,739	792,751	802,800	1,122,000	1,092,400

* The Sind Punjab and Delhi Railway, 691 miles, was purchased by the State on 1st January 1886, and the mileage is shown under State Railways.

APPENDIX II.—continued.

TABLE VI.—ACTUAL CAPITAL EXPENDITURE on STATE RAILWAYS in 1886-87, and ESTIMATED EXPENDITURE on such Works in 1887-88 and 1888-89, and to End of 1888-89.

RAILWAYS.	Accounts, 1886-87.	Revised Estimate, 1887-88.	Budget Estimate, 1888-89.	To End of 1888-89.	Sanctioned Outlay.	Balance remaining Unspent.
	<i>Rx.</i>	<i>Rx.</i>	<i>Rx.</i>	<i>Rx.</i>	<i>Rx.</i>	<i>Rx.</i>
OPEN LINES.						
East Indian	161,783	70,000	65,000	14,273,448	14,273,448	—
Rajputana-Malwa	52,337	170,900	—11,000	9,286,267	9,286,267	—
Holkar	—4,548	1,200	3,000	1,299,911	1,299,911	—
Rewari-Ferozepore	5,196	—9,400	6,300	1,271,182	1,271,182	—
Sindia	637	350	—	921,136	921,136	—
Bhopal	—	—	—	131,057	131,057	—
Wardha Coal	27,323	—13,860	100	711,639	711,639	—
Katni-Umaria	85,349	11,010	—2,900	482,697	482,697	—
Umaria Colliery	33,264	17,631	15,275	91,769	91,769	—
Burma	15,053	18,900	37,600	2,925,255	2,925,255	—
Jorhat	10,252	5,880	2,490	72,037	72,037	—
Cherra-Companygunj	11,567	10,100	3,600	77,880	77,880	—
Eastern Bengal	175,606	243,500	22,300	3,524,746	3,524,746	—
Northern Bengal	1,813	—23,200	42,400	2,298,234	2,298,234	—
Tirhoot	27,040	38,400	14,300	1,606,810	1,606,810	—
Patna-Gya	5,900	3,500	5,000	432,572	432,572	—
Nalhati	—1,084	—30	—300	34,075	34,075	—
Dacca	29,215	—7,350	6,000	659,522	659,522	—
Kaunia-Dhurla	336	—300	500	96,613	96,613	—
Dildarnagar-Ghazipur	—6	—	—	70,305	70,305	—
Cawnpore-Achnera	—26,940	—2,700	5,000	1,160,533	1,160,533	—
Bareilly-Pilibhit	1,134	2,000	1,250	153,442	153,442	—
Lucknow-Sitapur-Seramau	160,922	66,000	37,200	408,842	512,690	103,848
North Western	5,377,694	780,500	111,000	23,296,603	23,296,608	—
Sindh-Sagar—Eastern Section	42,609	46,700	—	217,673	217,673	—
Sind-Pishin—Durwaza-Quetta Section	193,061	32,220	—	272,674	272,674	—
Bolan (temporary line)	6,439	3,100	—	266,072	266,072	—
Amritsar-Pathankot	87	—	—	560,827	560,827	—
Cuddapah-Nellore	204,389	85,679	7,700	634,190	614,848	—19,342
Dhond and Manmad	2,078	2,000	4,000	1,100,227	1,100,227	—
TOTAL	6,598,506	1,557,730	375,815	68,338,243	68,422,749	{ 103,848 —19,342
LINES UNDER CONSTRUCTION.						
Toung-hoo-Mandalay Extension	225,561	1,053,800	738,200	2,017,561	† 2,044,434	26,873
Assam-Bihar	243,005	229,750	308,000	1,550,521	1,621,211	70,690
Sind-Sagar—Western Section	1,029,103	237,050	250,500	2,190,878	2,509,867	318,989
Chenab Bridge	—	10,600	181,000	191,600	500,000	308,400
Sind-Pishin—Sibi-Quetta Section	1,413,809	182,250	301,560	4,905,487	4,905,487	—
„ Bostan-Gulistan Section	375,888	35,000				
„ Killa-Abdulla Branch	38,009	13,800				
Chaman Extension	—	198,800	536,600	675,400	1,311,197	635,797
Bolan (high-level line)	—	194,730	64,500	159,230	155,176	—4,054
Sutlej Bridge (Ferozepore)	270,947	77,170	20,000	543,207	561,033	17,826
Sialkote-Jummoo	—	—	32,500	32,500	32,500	—
Kandahar Reserve Material	99,078	42,652	—12,400	359,368	† 359,368	—
Bellary-Kistna	355,790	405,000	25,000	1,663,333	1,880,000	216,667
Bezwada to Hyderabad Frontier	—	115,400	52,000	167,400	† 183,736	16,336
TOTAL	4,051,190	2,736,002	2,497,460	14,456,485	16,064,009	{ 1,611,578 —4,054
Carried forward	10,649,696	4,293,732	2,873,275	82,794,728	84,486,758	{ 1,715,426 —23,396

* It is estimated that stores to the value of 20,000 £. will be in hand at the end of 1888-89.

† Approximate Estimates.

APPENDIX II.—continued.

TABLE VI.—ACTUAL CAPITAL EXPENDITURE ON STATE RAILWAYS, &c.—continued.

RAILWAYS.	Accounts, 1886-87.	Revised Estimate, 1887-88.	Budget, Estimate, 1888-89.	To End of 1888-89	Sanctioned Outlay.	Balance remaining Unspent.
	Rx.	Rx.	Rx.	Rx.	Rx.	Rx.
Brought forward - - -	10,649,696	4,293,732	2,873,275	82,794,728	84,486,758	{ 1,715,426 - 23,396
LINES UNDER SURVEY.						
Bilaspur-Etawah - - - - -	—146	—10,400	- - -	7,542	7,542	—
Dharmavaram Extension - - - - -	2,648	1,200	1,900	19,444	19,444	—
Hindupur Extension - - - - -	50	600	1,000	5,102	5,102	—
Pakal-Villupuram - - - - -	5,130	1,600	2,300	18,049	18,049	—
Vizagapatam-Raipur - - - - -	- - -	- - -	- - -	24,504	24,504	—
TOTAL - - -	7,682	—7,000	5,200	74,641	74,641	—
LINES IN ABEYANCE OR TRANSFERRED TO COMPANIES.						
Nagpur-Chhattisgarh - - - - -	67,639	—1,210,300	—	—	—	—
Nagpur-Bengal - - - - -	6,549	—169,700	—	—	—	—
Ranaghat-Bhagwangola - - - - -	810	- - -	80	30,255	30,255	—
Southern Mahratta - - - - -	- - -	- - -	- - -	*52,707	52,707	—
TOTAL - - -	74,998	—1,380,000	80	82,962	82,962	—
Stores and Reserve - - - - -	—311,649	—451,052	4,09,685	435,435	435,435	—
Metre gauge Rolling Stock, Plant, and Machinery, to be taken back from the Bengal-Nagpur Railway - - - - -	- - -	- - -	200,000	200,000	200,000	—
GRAND TOTAL - - -	10,420,727	2,455,680	3,488,240	83,587,766	85,279,796	{ 1,715,426 - 23,396
Distributed as under:—						
Capital Expenditure on Public Works (not charged against Revenue):						
State Railways—Construction - - - - -	10,037,650	2,374,000	3,444,450	74,730,014	—	—
Famine Relief and Insurance:						
Protective Railways - - - - -	200,000	- - -	- - -	2,933,979	—	—
Construction of Railways (charged against Revenue in addition to that under Famine Insurance) - - - - -	183,077	81,680	43,790	5,923,773	—	—
TOTAL as above - - -	10,420,727	2,455,680	3,488,240	83,587,766	—	—

* Represents depreciation on works and stores allowed by Government on transfer to the Company.

APPENDIX II.—continued.

TABLE VII.—CAPITAL EXPENDITURE on IRRIGATION—MAJOR WORKS, in 1886-87, and ESTIMATED EXPENDITURE on such Works in 1887-88, 1888-89, and to the End of 1888-89, &c.

	Accounts, 1886-87.	Revised Estimate, 1887-88.	Budget Estimate, 1888-89.	TOTAL to End of 1888-89.	Sanctioned Estimate.	Balance of sanctioned Estimate remaining to be Spent.
IRRIGATION WORKS:						
CAPITAL EXPENDITURE NOT CHARGED AGAINST REVENUE.						
	£.	£.	£.	£.	£.	£.
Orissa Canals - - - - -	43,475	57,300	65,000	2,373,074	3,110,213	737,139
Midnapore Canal - - - - -	489	1,200	-	827,399	824,900	-
Tidal Canal - - - - -	-	-	-	179,549	177,270	-
Sone Canals - - - - -	13,672	17,500	12,000	2,529,307	2,788,870	259,563
Ganges Canal - - - - -	3,592	13,550	12,005	2,672,432	2,923,442	251,010
Lower Ganges Canal - - - - -	157,403	134,540	154,495	3,079,495	2,772,451	-
Agra Canal - - - - -	8,704	7,020	3,800	843,650	871,870	28,010
Eastern Jumna Canal - - - - -	1,100	2,930	8,000	303,831	344,191	40,360
Western Jumna Canal - - - - -	25,127	28,220	31,000	1,065,264	1,079,050	13,786
Bari Doab Canal - - - - -	6,324	2,030	10,400	1,563,183	1,579,860	16,677
Sirhind Canal (State outlay) - - - - -	97,720	83,860	10,600	2,223,690	2,226,440	2,750
Chenab Canal - - - - -	36,972	74,350	63,000	310,250	293,559	-
Godavari Delta System - - - - -	15,139	18,400	18,340	1,033,875	1,108,869	24,994
Kistna Delta System - - - - -	35,659	47,609	49,600	837,305	1,389,978	552,673
Sangam Aicut System - - - - -	26,009	12,766	11,500	296,099	289,644	-
Desert Canal - - - - -	3,441	8,586	2,800	123,349	126,684	3,335
Begari Canal - - - - -	1,860	630	-	162,581	162,885	304
Eastern Nara Works - - - - -	15,592	11,315	17,060	507,060	527,670	20,610
Mutha Canals - - - - -	5,014	7,565	6,820	605,409	605,323	-
Other projects - - - - -	59,563	80,580	133,242	3,407,993	-	-
	556,855	609,951	609,662	24,994,805	-	-
Deduct,—Outlay incurred from ordinary funds - - - - -	9,476	7,151	9,662	5,447,374	-	-
TOTAL - - - £.	547,379	602,800	600,000	19,547,431	-	-
FAMINE RELIEF AND INSURANCE:						
PROTECTIVE IRRIGATION WORKS:						
Betwa Canal - - - - -	11,969	7,380	2,700	391,808	425,141	33,333
Swat River Canal - - - - -	9,877	8,500	7,000	340,544	354,581	14,037
Rushikulya project - - - - -	22,232	23,620	20,000	98,640	200,139	161,499
Nira Canal - - - - -	32,911	38,817	40,000	434,543	397,736	-
Other projects (including Grants in Aid) - - - - -	30,990	14,183	3,000	415,047	-	-
	107,979	92,500	72,700	1,680,581	-	-
Deduct,—Outlay incurred from ordinary funds - - - - -	-	-	-	285,434	-	-
TOTAL - - - £.	107,979	92,500	72,700	1,395,147	-	-
GRAND TOTAL - - - £.	655,358	695,300	672,700	20,942,578	-	-

APPENDIX II.—continued.

TABLE VIII.—GROSS RECEIPTS, WORKING EXPENSES, and NET TRAFFIC RECEIPTS of GUARANTEED and STATE RAILWAYS, for Five Years ending 1886-87, with REVISED ESTIMATES for 1887-88, and BUDGET ESTIMATES for 1888-89.

	ACCOUNTS.					Revised	Budget
	1882-83.	1883-84.	1884-85.	1885-86.	1886-87.	Estimate,	Estimate,
	Miles.	Miles.	Miles.	Miles.	Miles.	Miles.	Miles.
GUARANTEED RAILWAYS.							
Open mileage at beginning of year	4,616	4,611	4,636	4,528	* 3,921	† 3,896	3,910
Gross Receipts.	<i>Rz.</i>	<i>Rz.</i>	<i>Rz.</i>	<i>Rz.</i>	<i>Rz.</i>	<i>Rz.</i>	<i>Rz.</i>
Eastern Bengal	642,330	488,951	82,352	—	—	—	—
Madras	682,671	691,041	716,965	760,952	794,264	822,500	830,000
South Indian	376,278	400,362	423,774	450,440	512,196	511,500	515,000
Bombay, Baroda, and Central India	1,075,381	1,211,703	1,221,595	1,318,202	1,343,613	1,210,000	1,300,000
Great Indian Peninsula	3,508,897	3,342,851	3,514,307	3,654,192	3,971,652	3,920,000	3,800,000
Oudh and Rohilkhand	479,388	678,958	517,633	571,517	658,767	690,000	540,000
Sind, Punjab, and Delhi	1,048,652	1,122,269	1,129,996	1,054,234	—	—	—
TOTAL	7,813,497	7,836,035	7,606,685	7,809,537	7,280,512	7,154,000	6,985,000
Working Expenses.							
Eastern Bengal	266,345	262,305	85,153	—	—	—	—
Madras	433,274	404,655	424,121	439,380	504,611	510,000	510,000
South Indian	244,198	252,836	281,515	297,325	346,206	361,000	370,000
Bombay, Baroda, and Central India	583,899	497,646	550,449	644,498	662,972	530,000	450,000
Great Indian Peninsula	1,737,136	1,751,373	1,779,690	1,850,110	1,857,344	1,850,000	1,840,000
Oudh and Rohilkhand	324,210	303,145	307,793	367,053	362,263	360,000	310,000
Sind, Punjab, and Delhi	676,480	675,932	699,684	587,096	—	—	—
TOTAL	4,231,451	4,147,892	4,128,385	4,084,462	3,633,396	3,620,000	3,580,000
Net Traffic Receipts.							
Eastern Bengal	375,985	226,646	— 2,228	—	—	—	—
Madras	249,297	286,386	292,944	321,572	289,653	312,500	320,000
South Indian	136,080	147,526	142,259	153,115	165,990	151,500	145,000
Bombay, Baroda, and Central India	521,573	714,057	671,146	774,704	780,641	680,000	750,000
Great Indian Peninsula	1,771,761	1,591,478	1,734,707	1,804,082	2,114,308	2,080,000	1,980,000
Oudh and Rohilkhand	155,178	275,713	209,840	204,464	296,524	330,000	230,000
Sind, Punjab, and Delhi	372,172	446,337	430,332	467,138	—	—	—
TOTAL	3,582,046	3,688,143	3,478,300	3,725,075	3,647,116	3,534,000	3,405,000
STATE RAILWAYS.							
Open mileage at beginning of year	4,821	5,153	5,632	† 6,966	‡ 7,227	§ 8,081	§ 9,035
Gross Receipts.	<i>Rz.</i>	<i>Rz.</i>	<i>Rz.</i>	<i>Rz.</i>	<i>Rz.</i>	<i>Rz.</i>	<i>Rz.</i>
East Indian	4,601,341	4,999,462	4,310,425	4,703,587	4,707,202	4,630,300	4,700,300
Rajputana-Malwa	1,113,335	1,319,710	1,306,991	1,685,023	1,688,259	1,680,000	1,780,000
Rewari-Ferozepore	—	45,140	82,601	—	—	—	—
Sindia	32,030	25,155	36,633	39,408	39,183	45,700	45,500
Bhopal	1,438	25,557	1,291	2,643	3,505	5,000	5,700
Wardha Coai	67,287	76,529	67,822	64,820	74,742	75,000	80,000
Bengal-Nagpur	85,890	129,565	130,239	147,349	131,760	132,500	176,000
Katni-Umaria	—	—	—	—	—	—	—
Umaria Colliery	—	—	—	—	—	—	—
Burma	—	—	—	—	—	—	—
Toung-hoo-Mandalay	158,688	167,717	216,640	233,565	291,663	335,000	340,000
Jorhat	—	—	—	—	—	—	—
Cherra-Companygunj	—	—	383	3,624	3,911	4,900	5,300
Eastern Bengal:							
Eastern Bengal	—	—	453,881	455,588	537,136	—	—
Calcutta and South Eastern	—	—	9,465	—	—	—	—
Northern Bengal	22,007	31,806	—	—	—	—	—
Assam-Bihar	227,991	213,274	216,628	233,920	202,401	987,500	980,000
Kannia-Dhuria	—	—	—	—	—	—	—
Dacca	10,627	14,069	15,676	12,981	14,543	—	—
Tirhoot	—	—	2,559	12,723	27,997	—	—
Nalhati	70,981	98,167	124,972	128,026	159,921	184,000	190,000
Patna-Gya	7,406	8,063	7,638	7,880	6,654	9,500	9,000
Bengal Central	39,834	47,019	51,793	51,750	53,645	52,800	53,000
Oudh and Rohilkhand	—	—	—	54,129	34,575	74,500	70,000
Benares Branch	—	—	—	—	—	—	190,000
Indian Midland	—	—	—	—	—	175	700
Dildarnagar-Ghazipur	—	—	—	—	9,234	32,000	100,000
Cawnpore-Achhnera	4,847	3,490	4,673	4,650	4,738	4,800	4,800
Bareilly-Pilibhit	54,333	57,736	92,930	95,819	130,092	—	—
Lucknow-Sitapur-Seramau	—	—	899	8,303	10,126	9,800	10,500
North Western:							
Punjab Northern, including Northern Section	—	—	—	—	—	—	—
Indus Valley and Sind-Pishin	304,758	319,015	336,908	1,808,224	2,373,245	2,160,000	2,400,000
Amritsar-Pathankot	667,669	691,048	789,493	—	—	—	—
Coldspah-Nellore	—	—	19,958	28,965	17,320	17,300	18,700
Bellary-Kistna	—	—	—	—	—	3,600	22,500
Bellary-Kistna	—	—	—	—	—	6,200	—
Dhond and Manmad	—	—	—	—	—	—	—
Southern Mahratta	15,938	19,165	20,427	22,042	23,376	22,500	23,500
Mysore	—	77	33,244	102,818	182,317	318,500	410,000
TOTAL	7,396,460	8,268,765	8,351,931	9,890,211	10,829,027	10,851,475	11,740,900

* The Sind Punjab and Delhi Railway, 691 miles, was purchased by the State on 1st January 1886, and the mileage is shown under State Railways.
 † The Bellary Branch of the Madras Railway, 33 miles in length, having been transferred to the Southern Mahratta Railway, the mileage is shown under State Railways.
 ‡ Includes one-fifth the length of the Bhopal Railway and the whole length of the Sind Punjab and Delhi Railway.
 § Includes one-fifth the length of the Bhopal Railway.
 ¶ The working of this line has been transferred to the Great Indian Peninsula Railway from 1st January 1881; the Government of India only receives a percentage of the gross receipts.

APPENDIX II.—continued.

TABLE VIII.—RECEIPTS AND EXPENSES OF RAILWAYS, &c.—continued.

	A C C O U N T S.					Revised	Budget
	1882-83.	1883-84.	1884-85.	1885-86.	1886-87.	Estimate, 1887-88.	Estimate, 1888-89.
STATE RAILWAYS—continued.							
<i>Working Expenses.</i>							
East Indian	2,069,388	1,996,842	1,829,235	1,882,269	1,731,762	1,650,000	1,760,000
Rajputana-Malwa	68,661	697,384	708,222	897,238	899,303	900,000	910,000
Rewari-Ferozepore		31,326	63,947				
Sindia	23,830	11,361	19,573	19,440	19,472	21,000	21,000
Bhopal	1,976	2,984	1,746	3,731	2,556	4,000	4,300
Wardha Coal	45,442	21,620	47,603	51,594	59,627	65,000	64,500
Bengal-Nagpur	49,134	64,572	80,480	94,705	80,370	82,500	95,000
Katni-Umaria					2,538	9,000	10,500
Umaria Colliery				1,379	9,265	3,500	13,000
Burma	98,816	102,117	134,468	174,769	173,250	176,000	180,000
Tounghee-Mandalay							30,000
Jorhat			725	4,229	5,376	6,100	5,000
Cherra-Companygunj					2,361	3,600	3,200
Eastern Bengal:							
Eastern Bengal			188,662	298,637	326,752	465,000	475,000
Calcutta and South Eastern	11,623	19,513	8,600				
Northern Bengal	107,153	123,543	152,031	149,034	141,174		
Assam-Bihar							
Kanina-Dhuria	9,039	10,075	11,980	11,019	11,229		
Dacca			707	18,458	29,639		
Tirhoot	44,052	67,863	96,847	91,558	98,583	105,000	107,500
Nalhati	5,059	5,632	7,213	6,674	6,711	6,500	7,000
Patna-Gya	27,100	23,366	29,825	27,179	27,848	24,500	24,900
Bengal Central				64,713	43,351	64,500	62,500
Oudh and Rohilkhand							80,000
Benares Branch							100
Indian Midland					8,199	23,000	77,500
Dildarnagar-Ghazipur	4,169	1,222	2,727	2,436	2,461	2,200	2,200
Cawnpore-Achnera	36,578	36,802	68,492	79,222	80,728		
Bareilly-Pilibhit			1,385	6,113	7,675	7,800	8,000
Lucknow-Sitapur-Seramau					1,207	14,500	18,500
North Western:							
Punjab Northern, including Northern Section	261,124	252,240	235,913	845,651	1,316,886	1,550,000	1,670,000
Indus Valley and Sind-Pishin	370,542	391,727	364,337				
Amritsar-Pathankot			17,535	24,171	2,213		
Cuddapah-Nellore						8,600	20,000
Bellary-Kistna						5,740	
Dhond and Manmad							
Southern Mahratta		172	33,183	81,302	125,596	220,000	220,000
Mysore					20,144	42,800	42,500
Exchange	14,613	29,752	38,795				
TOTAL	3,768,314	3,890,123	4,145,614	4,633,411	5,219,889	5,460,700	5,982,200
<i>Net Traffic Receipts.</i>							
East Indian	2,531,943	3,002,630	2,481,100	2,821,318	2,985,440	2,980,300	2,940,300
Rajputana-Malwa	624,674	622,320	698,769	767,785	783,956	780,000	870,000
Rewari-Ferozepore		13,914	28,654				
Sindia	8,300	13,794	17,261	19,963	19,711	24,700	24,500
Bhopal	538	427	465	1,088	947	1,000	1,400
Wardha Coal	21,245	54,909	20,219	13,226	13,115	10,000	15,500
Bengal-Nagpur	36,756	64,993	55,759	62,644	51,390	50,000	80,000
Katni-Umaria					738	800	500
Umaria Colliery			193	7,041	1,276	8,000	2,000
Burma	59,872	65,604	82,172	68,816	118,413	159,000	160,000
Tounghee-Mandalay							
Jorhat			342	605	1,465	1,200	200
Cherra-Companygunj					2,135	2,400	1,700
Eastern Bengal:							
Eastern Bengal			265,219	156,951	210,324	502,500	505,000
Calcutta and South Eastern	10,364	12,293	865				
Northern Bengal	120,838	89,731	64,697	84,836	131,227		
Assam-Bihar							
Kanina-Dhuria	1,588	4,005	3,696	1,962	3,314		
Dacca			1,852	5,735	702		
Tirhoot	26,929	30,304	28,125	36,468	61,333	79,000	82,500
Nalhati	2,347	2,431	425	1,202	1,943	3,000	2,000
Patna-Gya	12,734	23,663	21,968	24,571	25,747	23,500	28,100
Bengal Central				584	8,776	10,000	7,500
Oudh and Rohilkhand							110,000
Benares Branch						75	600
Indian Midland					1,035	9,000	22,500
Dildarnagar-Ghazipur	678	2,258	1,946	2,214	2,277	2,600	3,600
Cawnpore-Achnera	17,755	20,934	24,438	16,597	49,364		
Bareilly-Pilibhit			486	2,280	2,451	2,000	2,500
Lucknow-Sitapur-Seramau					449	3,500	6,500
North Western:							
Punjab Northern, including Northern Section	43,634	66,755	100,930	962,573	1,056,359	610,000	730,000
Indus Valley and Sind-Pishin	197,127	209,321	425,156				
Amritsar-Pathankot			2,423	4,814	9,538	7,300	8,700
Cuddapah-Nellore						5,000	2,500
Bellary-Kistna						500	
Dhond and Manmad	15,998	19,165	20,427	22,062	23,376	22,500	23,500
Southern Mahratta		95	61	21,516	56,721	98,500	120,000
Mysore					17,257	8,200	11,500
Exchange	14,613	29,752	38,795				
TOTAL	3,618,146	4,378,642	4,206,317	5,056,800	5,609,138	5,390,775	5,758,700

* The working of this line has been transferred to the Great Indian Peninsula Railway from 1st January 1881; the Government of India only receives a percentage of the gross receipts.

APPENDIX II.—continued.

TABLE IX.—GROSS EARNINGS, WORKING EXPENSES, and NET EARNINGS of IRRIGATION—
MAJOR WORKS, for Five Years ending 1886-87, with REVISED ESTIMATE for 1887-88, and
BUDGET ESTIMATE for 1888-89.

	ACTUALS.					Revised	Budget
	1882-83.	1883-84.	1884-85.	1885-86.	1886-87.	Estimate, 1887-88.	Estimate, 1888-89.
DIRECT RECEIPTS :	<i>Rz.</i>	<i>Rz.</i>	<i>Rz.</i>	<i>Rz.</i>	<i>Rz.</i>	<i>Rz.</i>	<i>Rz.</i>
Orissa Canals - - - - -	32,001	23,787	14,358	20,735	17,961	21,000	21,600
Midnapore Canal - - - - -	26,801	26,457	25,796	26,249	23,419	24,000	24,000
Tidal Canal - - - - -	4,503	6,359	4,351	5,245	5,440	4,900	4,900
Sone Canals - - - - -	68,468	60,381	86,247	106,264	91,843	85,300	85,300
Ganges Canal - - - - -	234,125	242,697	291,662	194,967	220,926	199,700	200,000
Lower Ganges Canal - - - - -	157,833	151,441	169,434	135,698	105,666	107,100	111,600
Agra Canal - - - - -	52,793	64,373	79,190	46,689	61,338	50,300	50,000
Eastern Jumna Canal - - - - -	83,545	76,452	79,374	61,034	69,864	68,900	70,000
Betwa Canal - - - - -	-	-	-	-	2,070	2,900	5,000
Western Jumna Canal - - - - -	115,949	139,240	160,237	82,635	83,808	135,200	114,700
Chenab Canal - - - - -	-	-	-	-	-	100	2,100
Bari Doab Canal - - - - -	109,429	100,354	105,421	118,887	129,138	123,500	124,300
Sirhind Canal - - - - -	-	22	3,249	13,467	35,401	68,700	93,200
Swat River Canal - - - - -	-	-	-	25	2,672	10,200	30,000
Godavari Delta System - - - - -	7,675	7,560	9,601	10,738	10,601	10,200	10,600
Kistna Delta System - - - - -	4,973	3,356	3,300	3,222	3,791	3,545	3,687
Desert Canal - - - - -	1,566	1,519	2,865	2,158	3,735	4,307	3,837
Begari Canal - - - - -	3,531	3,117	3,456	3,131	4,514	3,432	3,448
Eastern Nara Works - - - - -	2,057	2,193	1,804	1,872	1,772	2,372	1,999
Mutha Canals - - - - -	12,461	15,834	14,069	15,055	18,340	16,170	16,620
Nira Canal - - - - -	-	-	-	24	274	826	1,355
Other projects - - - - -	13,272	11,439	20,612	16,388	17,041	31,270	35,836
TOTAL - - - - -	930,982	936,581	1,075,026	864,773	909,824	974,522	1,014,082
PORTION OF LAND REVENUE DUE TO IRRIGATION :							
Ganges Canal - - - - -	44,302	44,301	44,301	44,301	44,301	44,301	44,301
Lower Ganges Canal - - - - -	20,783	20,783	20,783	20,783	20,783	20,783	20,783
Eastern Jumna Canal - - - - -	22,153	22,154	22,154	22,153	22,153	22,153	22,153
Western Jumna Canal - - - - -	5,836	6,265	5,832	5,833	5,832	5,500	5,500
Bari Doab Canal - - - - -	27,997	66,189	27,557	34,250	60,497	36,500	37,000
Godavari Delta System - - - - -	146,845	153,262	160,678	173,695	178,140	173,850	173,850
Kistna Delta System - - - - -	81,761	94,929	101,609	110,592	113,667	113,810	115,425
Sangam Aicut System - - - - -	-	-	-	3,970	5,824	7,125	7,125
Desert Canal - - - - -	8,645	8,534	10,834	9,389	6,072	6,100	7,920
Begari Canal - - - - -	14,440	15,163	20,386	23,651	19,377	21,364	26,134
Eastern Nara Works - - - - -	10,515	14,236	17,880	19,039	22,753	29,416	32,428
Mutha Canals - - - - -	-	-	-	-	-	-	-
Nira Canal - - - - -	-	-	-	-	-	-	-
Other projects - - - - -	85,804	88,310	33,804	95,296	98,552	97,499	97,717
TOTAL - - - - -	469,081	534,126	465,818	562,607	597,469	578,401	590,336
TOTAL REVENUE :							
Orissa Canals - - - - -	32,001	23,787	14,358	20,735	17,961	21,000	21,600
Midnapore Canal - - - - -	26,801	26,457	25,796	26,249	23,419	24,000	24,000
Tidal Canal - - - - -	4,503	6,359	4,351	5,245	5,440	4,900	4,900
Sone Canals - - - - -	68,468	60,381	86,247	106,264	91,843	85,300	85,300
Ganges Canal - - - - -	278,427	246,908	335,063	239,268	266,227	244,001	244,301
Lower Ganges Canal - - - - -	178,616	172,224	190,217	150,471	126,449	127,883	132,383
Agra Canal - - - - -	52,793	64,373	79,190	46,689	61,338	50,300	50,000
Eastern Jumna Canal - - - - -	105,698	98,606	101,528	83,187	92,017	91,053	92,153
Betwa Canal - - - - -	-	-	-	-	2,070	2,900	5,000
Western Jumna Canal - - - - -	121,785	145,505	160,000	88,408	89,730	140,700	120,200
Chenab Canal - - - - -	-	-	-	-	-	100	2,100
Bari Doab Canal - - - - -	137,426	166,543	132,978	153,137	189,635	160,000	161,300
Sirhind Canal - - - - -	-	22	3,249	13,467	35,491	68,700	93,200
Swat River Canal - - - - -	-	-	-	25	2,672	10,200	30,000
Godavari Delta System - - - - -	154,520	160,822	170,279	184,433	188,741	184,050	184,450
Kistna Delta System - - - - -	86,734	98,285	104,909	114,114	117,458	117,355	119,112
Sangam Aicut System - - - - -	-	-	-	3,970	5,824	7,125	7,125
Desert Canal - - - - -	10,211	10,059	13,699	11,547	9,807	10,407	11,757
Begari Canal - - - - -	17,971	18,280	23,842	20,782	23,921	24,796	29,582
Eastern Nara Works - - - - -	12,572	16,429	19,684	20,911	24,525	31,788	34,427
Mutha Canals - - - - -	12,461	15,834	13,752	14,710	17,804	16,170	16,620
Nira Canal - - - - -	-	-	-	24	268	826	1,355
Other projects - - - - -	69,076	99,749	54,733	111,684	115,593	128,769	133,553
TOTAL - - - - -	1,400,963	1,470,707	1,540,844	1,427,380	1,507,293	1,552,023	1,604,418

APPENDIX II.—continued.

TABLE IX.—EARNINGS and EXPENSES of WORKS of IRRIGATION, &c.—continued.

	ACTUALS.					Revised	Budget
	1882-83.	1883-84.	1884-85.	1885-86.	1886-87.	Estimate, 1887-88.	Estimate, 1888-89.
	Rx.	Rx.	Rx.	Rx.	Rx.	Rx.	Rx.
WORKING EXPENSES:							
Orissa Canals - - - - -	34,154	29,313	31,573	34,258	50,193	55,200	42,500
Midnapore Canal - - - - -	23,808	21,565	22,317	20,985	22,637	25,300	23,000
Tidal Canal - - - - -	4,057	4,658	3,689	4,862	2,284	5,000	6,500
Sone Canals - - - - -	52,984	51,447	60,396	55,237	58,146	67,000	68,000
Ganges Canal - - - - -	82,949	86,198	92,609	80,026	85,535	87,840	88,308
Lower Ganges Canal - - - - -	63,215	64,751	82,154	81,327	79,186	86,024	84,397
Agra Canal - - - - -	21,761	23,859	26,565	26,313	28,337	26,090	26,760
Eastern Jumna Canal - - - - -	19,917	19,564	19,164	18,128	20,562	19,510	20,912
Betwa Canal - - - - -	-	-	-	208	6,995	9,920	11,300
Western Jumna Canal - - - - -	44,655	44,284	44,177	47,834	48,869	54,100	39,850
Chenab Canal - - - - -	-	-	-	-	-	6,320	6,500
Bari Doab Canal - - - - -	51,897	52,960	47,289	52,014	55,781	52,650	45,900
Sirhind Canal - - - - -	-	1,653	14,022	21,276	23,071	32,580	45,800
Swat River Canal - - - - -	-	-	-	2,372	5,243	8,530	10,300
Godavari Delta System - - - - -	31,583	38,243	50,476	56,486	48,594	50,853	45,500
Kistna Delta System - - - - -	27,217	27,922	27,691	29,413	32,514	31,127	32,000
Sangam Anicut System - - - - -	-	-	-	468	2,577	4,054	3,150
Desert Canal - - - - -	1,173	2,040	3,149	2,848	4,075	4,044	2,820
Begari Canal - - - - -	7,066	5,549	5,835	5,042	5,300	5,853	6,320
Eastern Nara Works - - - - -	5,602	5,903	6,488	6,467	6,443	5,749	6,900
Mutha Canals - - - - -	5,795	5,961	6,831	6,120	6,838	5,887	6,600
Nira Canal - - - - -	-	-	-	1,256	1,822	2,106	3,020
Other projects - - - - -	24,103	28,967	26,998	34,210	31,771	36,913	44,440
TOTAL - - - - -	501,936	514,837	571,423	593,150	626,773	682,650	670,777
NET REVENUE:							
Orissa Canals - - - - -	-2,153	-5,526	-17,215	-13,523	-32,232	-33,600	-20,900
Midnapore Canal - - - - -	2,993	4,892	3,479	5,264	782	-1,300	1,000
Tidal Canal - - - - -	446	1,701	662	383	3,156	-100	-1,600
Sone Canals - - - - -	15,484	8,934	25,851	51,027	33,697	18,300	17,300
Ganges Canal - - - - -	195,478	200,800	243,354	133,242	179,692	156,161	155,993
Lower Ganges Canal - - - - -	115,401	107,473	108,063	75,144	47,263	41,859	47,986
Agra Canal - - - - -	31,032	40,514	52,625	20,376	33,001	24,210	23,240
Eastern Jumna Canal - - - - -	85,781	79,042	82,364	65,059	71,455	71,543	71,241
Betwa Canal - - - - -	-	-	-	-208	-4,925	-7,020	-6,300
Western Jumna Canal - - - - -	77,130	101,221	121,892	40,634	40,861	86,000	80,350
Chenab Canal - - - - -	-	-	-	-	-	-6,220	-4,400
Bari Doab Canal - - - - -	85,529	113,583	85,689	101,123	133,854	107,350	115,400
Sirhind Canal - - - - -	-	-1,631	-10,773	-7,809	12,420	36,120	47,400
Swat River Canal - - - - -	-	-	-	-2,347	-2,571	1,670	19,700
Godavari Delta System - - - - -	122,937	122,579	119,803	127,947	140,147	133,197	138,950
Kistna Delta System - - - - -	59,517	70,363	77,218	84,701	84,944	86,223	87,112
Sangam Anicut System - - - - -	-	-	-	3,502	3,247	3,071	3,975
Desert Canal - - - - -	9,038	8,013	10,550	8,609	5,732	6,363	8,937
Begari Canal - - - - -	10,905	12,731	18,007	21,740	18,621	18,943	23,262
Eastern Nara Works - - - - -	6,970	10,526	13,196	14,444	18,082	26,039	27,527
Mutha Canals - - - - -	6,606	9,873	6,921	8,590	11,026	10,283	10,020
Nira Canal - - - - -	-	-	-	-1,232	-1,554	-1,280	-1,665
Other projects - - - - -	74,973	70,782	27,735	77,474	83,822	91,856	89,113
TOTAL - - - - -	898,127	955,870	909,421	834,230	880,520	870,273	933,641

CAPITAL ACCOUNT OF GUARANTEED AND SUBSIDISED RAILWAYS.

TABLE X.—ABSTRACT of BUDGET ESTIMATES of CAPITAL TRANSACTIONS of GUARANTEED and SUBSIDISED RAILWAYS, 1887-88 and 1888-89.

RAILWAYS.	AMOUNT IN RUPEES.			AMOUNT OF EXCHANGE.			AMOUNT IN POUNDS STERLING.		
	1887-88.		Budget, 1888-89.	1887-88.		Budget, 1888-89.	1887-88.		Budget, 1888-89.
	Budget.	Revised.		Budget.	Revised.		Budget.	Revised.	
GUARANTEED RAILWAYS.									
RECEIPTS.	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>£.</i>	<i>£.</i>	<i>£.</i>
Madras	20,00,000	22,50,000	22,50,000	1,66,000	1,88,000	1,88,000	183,400	206,200	206,200
South Indian	15,50,000	17,20,000	18,75,000	64,000	72,000	78,000	148,600	164,800	179,700
Bombay, Baroda, and Central India	26,00,000	22,50,000	23,00,000	2,17,000	1,88,000	1,92,000	238,300	206,200	210,800
Great Indian Peninsula	71,00,000	69,00,000	70,00,000	5,92,000	5,75,000	5,83,000	650,800	632,500	641,700
Oude and Rohilkund	17,50,000	18,00,000	14,50,000	-	-	-	175,000	180,000	145,000
TOTAL	1,50,00,000	1,49,20,000	1,48,75,000	10,39,000	10,23,000	10,41,000	1,396,100	1,389,700	1,383,400
ADVANCES.									
Madras	19,00,000	23,00,000	16,25,000	1,58,000	1,92,000	1,36,000	174,200	210,800	148,900
South Indian	13,50,000	10,50,000	12,00,000	56,000	44,000	50,000	129,400	100,600	115,000
Bombay, Baroda, and Central India	22,00,000	14,00,000	15,00,000	1,83,000	1,17,000	1,25,000	201,700	128,300	137,500
Great Indian Peninsula	50,00,000	41,00,000	48,00,000	4,17,000	3,42,000	4,00,000	458,300	375,800	440,000
Oude and Rohilkund	33,50,000	24,00,000	14,85,000	-	-	-	335,000	240,000	148,500
TOTAL	1,38,00,000	1,12,50,000	1,06,10,000	8,14,000	6,95,000	7,11,000	1,298,600	1,055,500	989,900
NET RECEIPTS.									
Madras	1,00,000	-50,000	6,25,000	8,000	-4,000	52,000	9,200	-4,800	57,300
South Indian	2,00,000	6,70,000	6,75,000	8,000	28,000	28,000	19,200	64,200	64,700
Bombay, Baroda, and Central India	4,00,000	8,50,000	8,00,000	34,000	71,000	67,000	36,600	77,900	73,300
Great Indian Peninsula	21,00,000	28,00,000	22,00,000	1,75,000	2,33,000	1,83,000	192,500	256,700	201,700
Oude and Rohilkund	-16,00,000	-6,90,000	-35,000	-	-	-	-160,000	-60,000	-3,500
TOTAL	12,00,000	36,70,000	42,65,000	2,25,000	3,28,000	3,30,000	97,500	331,200	393,500
SUBSIDISED RAILWAYS.									
RECEIPTS.									
Capital received in India:									
Southern Mahratta	-	-	-	-	-	-	-	-	-
Indian Midland	-	-	-	-	-	-	-	-	-
Gain on Remittances to India:									
Southern Mahratta	-	-	-	4,94,000	3,42,000	4,25,000	49,400	-34,200	-42,500
Indian Midland	-	-	-	7,88,000	13,46,000	8,64,000	-78,800	-134,600	-86,400
Bengal Central	-	-	-	-	-	-	-	-	-
Bengal-Nagpur	-	-	-	30,000	4,89,000	8,05,000	-3,000	-48,900	-80,500
TOTAL				13,12,000	21,77,000	20,94,000	-131,200	-217,700	-209,400
WITHDRAWALS.									
Southern Mahratta	44,80,000	60,50,000	14,88,000	7,47,000	10,08,000	2,48,000	373,300	504,200	124,000
Mysore	21,45,000	13,00,000	38,00,000	5,81,500	3,25,000	9,50,000	156,350	97,500	285,000
Bellary-Kistna	-	5,50,000	43,00,000	-	1,57,000	12,29,000	-	39,300	307,100
Indian Midland	1,10,25,000	1,39,37,000	1,50,00,000	22,05,000	27,87,000	30,00,000	882,000	1,115,000	1,200,000
Bengal Central	-	1,90,000	1,40,000	-	54,000	40,000	-	13,600	10,600
Bengal-Nagpur	47,86,000	1,96,55,000	1,50,00,000	11,96,500	45,36,000	34,61,000	358,950	1,511,900	1,153,900
TOTAL	2,24,36,000	4,10,82,000	3,97,28,000	47,30,000	88,67,000	89,28,000	1,770,600	3,281,500	3,080,000
Net Withdrawals	2,24,36,000	4,10,82,000	3,97,28,000	34,18,000	66,90,000	68,34,000	1,001,800	3,499,200	3,289,400
GUARANTEED AND SUBSIDISED RAILWAYS.									
Net Withdrawals	2,12,86,000	3,80,12,000	3,54,63,000	31,93,000	63,62,000	65,04,000	1,804,300	3,165,000	2,895,900

* Includes Mysore Railway.