

EAST INDIA (FINANCIAL STATEMENT).

RETURN to an Address of the Honourable The House of Commons P
dated 13 May 1902;—for,

“COPY of the INDIAN FINANCIAL STATEMENT for 1902–1903, and of the Proceedings
of the Legislative Council of the Governor-General thereon.”

India Office,
16 May 1902.

ARTHUR GODLEY,
Under Secretary of State for India.

(*Sir Henry Fowler.*)

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GOVERNMENT OF INDIA.
FINANCE AND COMMERCE DEPARTMENT.

FINANCIAL STATEMENT

FOR

1902-1903.



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GOVERNMENT OF INDIA.
FINANCE AND COMMERCE DEPARTMENT.

FINANCIAL STATEMENT FOR 1902

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FINANCIAL STATEMENT FOR 1902

PART I.

1. It is my duty to lay before the Legislative Council statements, actual financial results of the year 1900-1901: the results according to the Estimates for the year 1901-1902: and the Budget Estimates for the coming year 1902-1903.

2. In their briefest form, and leaving out Capital, Debt and Remittances, the figures are as follows:—

		1900-1901 (Accounts):	
		£	Rs
Revenue	: : : :	75,272,291	
Expenditure (charged against Revenue)	: : : :	73,602,087	
		<hr/>	
	Surplus	1,670,204	
		<hr/>	
		1901-1902 (Revised Estimate).	
		£	
Revenue	: : : :	76,546,700	
Expenditure (charged against Revenue)	: : : :	71,873,800	
		<hr/>	
	Surplus	4,672,900	
		<hr/>	
		1902-1903 (Budget Estimate).	
		£	
Revenue	: : : :	74,370,400	
Expenditure (charged against Revenue)	: : : :	73,532,700	
		<hr/>	
	Surplus	837,700	
		<hr/>	

Accounts, 1900-1901.

3. The final accounts of the financial year 1900-1901 show, on the Revenue side, an improvement of £5,116,491 over the Original Estimate, and of £106,291 over the Revised Estimate.

4. On the Expenditure side, the accounts show an increase of £3,606,587, on the Original Estimate, and of £76,487 on the Revised Estimate.

5. The considerable differences between the figures of the Original and Revised Estimates, were fully explained in the Budget Statement last year, and it may be remembered that they were in great part attributable to an unexpected increase in mint operations. The differences on either side of the account between the Revised Estimate and the Final Accounts, are not of great importance, and the resulting difference of an addition of £29,804 to our last estimated surplus calls for no comment. It may, however, be pointed out that the most important differences between the Revised Estimate and the final figures are due to an addition of approximately £200,000 in gross railway receipts, counterbalanced, in part only, by an addition of about £28,500 to railway charges, and a decrease in land revenue returns, amounting to approximately £193,000.

Revised Estimate, 1901-1902.

REVENUE.

6. The Revised Estimate shows a surplus greater than that anticipated in Original Estimates, by the very considerable sum of £3,982,000.

The realisation of so large a surplus cannot but be a matter of great interest to India, and, following the relatively large surplus

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firmly the hope, I then ventured to express, that, if no new ill-fortune over-
 ht, as regards finance, look forward to a period of increasing prosperity.
 ay examine the figures which have resulted in an increase of revenue
 participations, amounting to £4,354,800, and an increase in expenditure
 (Provincial Adjustments) of £372,800.

Following are the figures of increases under the more important heads of
 and it is satisfactory to note that only under the relatively unimportant
 'Other Heads' has there been a slight decrease:—

Head.	Increase.
	£
Land Revenue	299,300
Opium	311,400
Salt	58,800
Stamps	147,400
Excise	119,400
Customs	643,900
Post Office	33,500
Telegraph	55,700
Mint	515,200
Railways	1,750,500
Irrigation	89,100
Receipts by Military Department	115,400
TOTAL	4,139,600

9. The additional £299,300, under Land Revenue, is an increase of some import-
 ance in itself; but it is only a difference of about 1'65 on the Original Estimate of the total
 revenue to be collected.

10. The increased yield of opium revenue, amounting to £311,400, can only be
 considered as a piece of good fortune. We have, since May, been selling throughout the
 year in a falling market, a situation which we anticipated, but which has fortunately not
 developed as rapidly as allowed for in a prudently cautious estimate.

11. The increase under Salt, as compared with the Original Estimate, is £58,800
 but, as compared, with the accounts for the preceding year, it is only £29,666.

12. Stamps have continued to yield a slow but steady and satisfactory increase
 The figures for the last four years have been:—

Accounts.			Revised Estimate.
1898-99.	1899-1900.	1900-1901.	1901-1902.
£3,198,433	£3,265,476	£3,342,948	£3,494,700

showing an increase of £147,400 above the Budget Estimate, and an average growth of
 about 3'1 per cent per annum, during the period reviewed.

13. Excise which gives an increase over the Original Estimate of £119,400, also
 continues to show a progressive increase, though less rapid than Stamps. The last four
 years' figures have been:—

Accounts.			Revised Estimate.
1898-99.	1899-1900.	1900-1901.	1901-1902.
£3,828,948	£3,859,942	£3,937,202	£4,086,500

III.—A very large increase in Customs Revenue, both as compared with the
 IV.—Capital expenditure with the returns of the preceding year, is one of the most
 V.—Receipts and Working Expenses are now considering.
 Receipts and Working Expenses of
 Guaranteed and Subsidized Railways

GOVERNMENT OF INDIA FOR 1902-1903.

The figures of the last four years have been :—

Accounts.			Revised Estimate.
1898-99.	1899-1900.	1900-1901.	1901-1902.
£3,201,441	£3,133,791	£3,371,597	£3,831,900

I feel that the Finance Department may reasonably be called upon for justification for having so seriously underestimated the returns from Customs. I have no desire to minimise the fact that this revenue was seriously underestimated last year, our Original Estimate having been only £3,188,000, whilst our Revised Estimate amounts to £3,831,900, an excess of £643,900, or approximately 20 per cent of the estimate. I hold that we have full justification for this apparently extraordinary underestimate.

It will be seen from the figures tabulated above, that the total increase in two years 1898-99 to 1900-1901 was only £170,156, or approximately 5·3 per cent, and further, that a comparison of the figures of the two years, 1898-99, 1899-1900, shows not only no increase, but a positive decrease of £67,650. In these circumstances, I consider that we should have had no justification for assuming any important augmentation of revenue during the current financial year; we might quite possibly have had to face a decrease, and in estimating, it is our duty to remain on the safe side.

The fact is, however, that Customs revenue for the current year, shows an increase of some £460,000 above that of last year, and it is consequently a matter of considerable interest to examine in detail the figures contributing to this result. Tariff heads under which the more important increases have arisen are as follows :—

HEAD.	Customs Revenue in 1900-1901.	Customs Revenue in 1901-1902 (Revised Estimate).	Increase.
	£	£	£
Cotton manufactures	623,000	709,000	86,000
Silver	89,000	198,000	109,000
Petroleum	328,000	375,000	47,000
Sugar (ordinary 5 per cent duty)	199,000	210,000	11,000
Do. (countervailing duties)	151,000	250,000	99,000
Manufactured articles	392,000	417,000	25,000
TOTAL	1,782,000	2,159,000	377,000

The above statement includes only dutiable goods, the importation of which affects the revenue; but, as further evidence of the vitality of trade, I would call attention to the fact that the value of the imports of goods under the Tariff heading, Machinery and Mill-work (exempt from duty) shows for the ten months, April 1, 1901, to January 31, 1902, an increase of approximately £476,000 over the value imported during the corresponding period in the previous year. Further, it should be noted that increased importations of cotton goods were accompanied by a revival in local manufacture, indicated by an increase of £27,700 (equal to 34 per cent) in the cotton excise returns.

Now, cotton piece goods are purchased and used by the indigenous population, and silver (paying duty) is chiefly imported for the same class. The consumption of petroleum by the European population is relatively infinitesimal, and sugar also is a commodity of which they consume but a very small fraction.

The increase of duty paid under the heads scheduled, amounts to £377,000. The additions under other heads, making up the total increase of £460,000, are relatively unimportant, individually, and call for no further remark than that the increase is sufficiently general to justify the opinion that it is not the result of fortuitous circumstances.

15. Now, we have heard a good many arguments about the position of India; but I have not seen or heard any founded on the increase of imports. And yet, what greater test can there be of the vitality of the Indian economy than the increase of imports.

FINANCIAL STATEMENT OF THE

purchasing power of a people. India has this year shown clearly that its purchasing power is rapidly increasing, and when we examine the classes which this increasing demand has mainly arisen, and for which this purchasing power has been found, it is evident that it is not the wants, or the pockets of the European population, that have appreciably affected the must be admitted by the most sceptical, that it is the requirements and the power of the indigenous population which are practically alone responsible for the factory results attained.

have here, then, a definite fact which cannot be explained away, and which shows the purchasing and consuming capacity of the peoples of India, the surest index of their material prosperity, is increasing in a marvellously satisfactory manner.

The increase of £33,500 in the gross Post Office revenue, as compared with the Budget Estimate, and of £14,544, as compared with the previous year, are relatively small, and since it must, I think, be admitted that the Post Office returns are of great importance as an index of economic progress, it seems necessary to look for the reasons for the relatively small progress tabulated. The reason is not far to seek. We have deliberately introduced measures affording greater facilities and advantages to the public, with the certain knowledge that these measures would entail a direct, immediate loss of revenue. I may instance the reduction of rates of inland parcel postage, which came into force last July, and which we estimated would cost some 5 lakhs per annum, but if we add, as we are entitled to do, this loss to the gain of £14,544 above indicated, and that the normal increase of postal revenues would have been at least £40,000, or nearly 3 per cent on the returns of the previous year. No insignificant growth for the five months.

17. When we turn to Telegraph receipts, we are on less sure ground in forming our conclusions, for these receipts are, as I pointed out last year, particularly liable to be influenced by abnormal circumstances. In the year 1900-1901, such circumstances were specially favourable to the growth of Telegraph revenue. This year, as far as I am aware, beyond £10,000 attributed to increased communication with China, there have been no such abnormal favouring conditions, and yet our Telegraph receipts have exceeded the Original Estimate by £55,700 and nearly approach the results of the previous specially favourable year.

18. The considerable increase under Mint, £515,200, is fortuitous and does not affect Indian revenues, being practically counterbalanced by a corresponding increase of expenditure under the same head. It is impossible to estimate the Mint gross receipts with any approach to accuracy, as we cannot foretell what may be our own requirements for coinage, or what we may be called upon to undertake either for Indian States, or British Colonies. In no case, however, can our revenue situation be seriously affected. The profit on coinage for Indian account, is credited, on the Expenditure side to the Gold Reserve Fund. The profit on coinage of dollars, and for Foreign Governments, is limited to seigniorage, which is of small importance.

19. Railways have now become one of the most important heads under Indian revenues. The many, many, years of severely criticised and continual expenditure, without visible compensation in the form of direct profits, have been survived, and the railway policy of the Government of India stands justified by results which none can gainsay. Our Revised Estimate shows gross receipts exceeding our Original Estimate by approximately £1,750,500, and shows that the latter, although taken at £331,400 in excess of the Revised Estimate for 1900-1901, then before us, was an unnecessarily cautious estimate. The figures of net profits, for the last four years, are as follows:—

Accounts			Revised Estimate
1898-99.	1899-1900.	1900-1901.	1901-1902.
£-620,165	£+76,756	£+325,124	£+817,700

Three years our net profits have increased by upwards of £1,430,000.

into consideration that an important part of the increase of railway net profits was apparently due to the heavy transport of food-grains for famine relief, the continuance of the satisfactory progress we were then

able to note; but, notwithstanding the opening of new lines during the past year, securing at the outset but meagre traffic, we are now able to show an extraordinary excess in railway profits, of £982,500 above our estimate. Our railways are no longer a drain on our resources. Besides fulfilling their duty in increasing the price which the ryot obtains for his products, securing for him cheap food, in seasons of dearth, and cheapening the travelling expenses of the trader seeking business, and of the labourer seeking employment, they have become an important source of revenue, easing the burden of the tax-payer in meeting the ever-increasing demands attendant on social and economic progress.

20. The difference between the Revised and Original Estimates of revenue from Irrigation works, is an increase of £89,100, but the net revenue for the now closing financial year, is estimated at £206,100 against £235,592 in the previous year. During the past year, we have, however, added to our expenses by opening the important Jhelum canal, and the Mahiwa and Dad canals, besides various Minor Works; and in any case, the results of irrigation must not be judged only by net revenue returns. The really profitable results of irrigation can only be traced in the increased production of food-stuffs, and other crops, in districts which, without irrigation, would remain barren in all but the most favourable years. And it is to be noted that, when climatic conditions are propitious and the rainfall abundant, the demand for water for irrigation diminishes and our receipts fall off. Last year the rainfall was fortunately greater than in 1900, and we have therefore no occasion to lament the decrease in the receipts from irrigation, the only principal head of our revenues which did not show a more or less important net increase.

21. *Military Receipts.*—The increase of receipts, under this head, amounting to £115,400, is chiefly due to payments for horses recently shipped with two cavalry regiments to South Africa, and for stores supplied to His Majesty's Government.

EXPENDITURE.

22. The total of our ordinary expenditure during the closing year, is now estimated at £70,656,800, as compared with the Original Estimate of £71,683,600. The difference shows a saving of £1,026,800. The following table shows the increase or decrease under the various account heads:—

	Increase.	Decrease.
	£	£
Direct Demands on the Revenues . . . . .	...	319,800
Interest . . . . .	...	144,100
Post Office . . . . .	...	13,400
Telegraph	44,600	...
Mint	431,300	...
Salaries and Expenses of Civil Departments . . . . .	...	294,800
Miscellaneous Civil Charges	42,200	...
Famine Relief and Insurance . . . . .	...	72,400
Railway Revenue Account	768,000	...
Irrigation . . . . .	...	36,000
Other Public Works . . . . .	...	417,300
Army Services . . . . .	...	1,006,000
Special Defence Works . . . . .	...	9,100
TOTAL	1,286,100	2,312,900

23. The 'Direct Demands on the Revenues,' have not only not increased, as assumed in the Budget Estimate, but are now estimated at a figure even lower than that of the previous year, owing, in the main, to opium charges having decreased. Interest charges have been diminished by the reduction of our Indian loan from two crores to one crore, and by the fact that the issue price was fairly high. 'Post Office Charges,' are £13,400 less than the Original Estimates. 'Telegraph Charges,' are £44,600 more than the first estimate, and approximately £135,000 more than in the preceding year. The increase of £431,300 under Mint has been already explained, in dealing with this heading on the Revenue side. 'Salaries and Expenses of Civil Departments,' show a satisfactory

decrease of £294,800 from the Original Estimate. Direct expenditure for famine relief, during the past year, is now estimated at £556,200, as against £674,100 originally estimated, whilst the amount spent on protective irrigation works is less by £8,400, and the sum assigned to avoidance of debt is increased by £53,900.

24. By far the most important increase over the Original Estimate, is that in Railway Revenue charges, amounting to £768,000. But this increase is far from being a cause for dissatisfaction, since it is the natural result of increased traffic, by the returns from which it has been handsomely compensated.

25. The slight decrease under Irrigation Expenditure, calls for no comment. 'Other Public Works' show a decrease of £417,300, as compared with the Original Estimates, but variations of this nature are normal, being chiefly attributable to the necessity of providing in full, for work contemplated during the financial year, whilst, inability to complete scheduled works during the limits of the year, leads to lapses of credits and consequent diminution of expenditure.

26. Finally, Army Service charges show in the Revised, as compared with the Original Estimate, the very important reduction of £1,006,000. This is due in part to the continued absence of troops in South Africa and China. Had we been able within the term of the closing financial year to obtain delivery of all the ordnance stores and material required from Europe, our expenditure on this head would have been larger.

Estimates, 1902-1903.

27. I pass to the consideration of the Estimates for the coming financial year. It will be observed that the result shows an estimated surplus of £837,700.

28. The Estimates have been cautiously framed, but we all know that Indian revenues are subject to vicissitudes, connected with climatic conditions over which we have no control. It is, then, our bounden duty to frame our Estimates with extreme caution; and, if circumstances affecting our revenues prove more favourable than we have a right to assume beforehand, we must be content to be criticised on the ground that we have failed to show due appreciation of the general material prosperity and progress of the country.

29. We may now turn to the detailed examination of the various items in the Budget.

REVENUE.

30. *Land Revenue.*—For reasons to which I shall have occasion specially to refer, we have taken the returns from Land Revenue at £679,800 less than in our Revised Estimate for the closing financial year.

31. *Opium.*—In view of steadily falling prices and the possible consequences of political unrest in China, it does not appear advisable, in a cautious estimate, to reckon on realising a higher average price for Bengal opium, than Rs 1,100 per chest, in the coming year. This estimate involves an anticipated decrease of revenue, amounting to £675,100, as compared with the Revised Estimate for the closing year.

32. The following statement shows a generally steady fall in prices during the past year:—

Average sale price of Opium per chest during the financial year, 1901-1902.

	R	a.	p.		R	a.	p.
April	1,333	15	8	October	1,280	3	2
May	1,374	0	6	November	1,208	11	3
June	1,364	1	0	December	1,282	8	9
July	1,348	12	0	January	1,235	5	7
August	1,327	6	0	February	1,225	0	6
September	1,303	7	9	March	1,220	1	0

33. *Salt.*—The consumption of salt, though checked in some districts by distress resulting from famine, is encouraged by the gradual improvement of facilities for distribution and the diminution of transport charges, as new districts are tapped by railways. Under fairly normal conditions, we may generally reckon upon a steady small annual improvement from this most important source of revenue, but we take a cautious estimate for next year's returns at £5,973,300.

34. *Stamps.*—The revenue under this head shows a fairly steady annual growth, but there have been occasional set-backs and it would, perhaps, be imprudent to estimate for a larger return than £3,478,100, for the coming year.

35. *Excise*.—The returns from Excise grow under similar conditions, and we may with fair safety assume a return of £4,120,300 for the coming year.

36. *Customs*.—We can hardly expect the extraordinary increase under this head, already noted and commented upon, to be consistently maintained, and it would seem prudent to allow for the possibility of even some falling-off in Customs receipts next year. It must be remembered that we have no means of ascertaining with certainty whether the market is overstocked, or otherwise, with such articles as piece goods and petroleum. We accordingly take, as compared with 1901-1902, the reduced figure of £3,600,000.

37. *Other Principal Heads* of revenue have a generally increasing tendency which permits us to estimate for a return of £6,309,600.

38. *Post Office*.—The estimated increase in gross receipts, £5,400, is inconsiderable. It would have been larger had we not taken into account an anticipated loss of £16,700 of revenue, arising from a proposal, just sanctioned, to reduce the commission on money orders for sums not exceeding five rupees. This is a measure initiated by the Postal Department, in the interest of the poorer class of remitters, and I trust that it may prove a real benefit to those for whose advantage it is intended.

39. *Telegraph*.—Gross telegraph receipts are estimated at £58,500 less than in the previous year, and the net result, after deduction of charges, is a loss of £113,800, but the cost of the reduced tariff for foreign messages is alone responsible for a diminution in receipts estimated at upwards of £54,000.

40. *Mint*.—I have already explained that the figures under Mint are of no importance as regards final budgetary results. The same may be said of "*Receipts by Civil Departments*" which exhibit no important variation. "*Miscellaneous*" receipts do vary, but not to a very important extent, as regards proportion to the whole Budget, and the variations arise as a rule from purely fortuitous circumstances.

41. *Railways*.—For the coming year, we estimate our gross receipts from railways at £19,949,400. This is less than our revised estimate of returns during the expiring year, by £228,700. It may seem to be an overcautious estimate, but we must remember that, although there was a general satisfactory improvement, the great inflation of traffic, and of consequent revenue, was concentrated on two lines, the North Western and the Great Indian Peninsula. The increase of revenue from the former was £500,000, and from the latter nearly £400,000. We cannot hope that such abnormal improvements, accounting for approximately one-half of the total, will be continuously maintained; we have accordingly taken the North Western receipts at £300,000 and the Great Indian Peninsula at approximately £120,000, less than during the closing year. This estimated diminution is partly compensated by an estimated increase on other lines, which will be assisted by the opening to traffic of 457 miles of new railways during 1901-1902. I may mention that, included in this increase of mileage, are 165 miles of new railways in Burma. We now estimate our net railway receipts for 1902-1903 at £294,900, as compared with £817,700 in the Revised Estimate for 1901-1902.

The following statement shows the railway mileage open for traffic on 31st March of each of the years named:—

	1898.	1899.	1900.	1901.	1902.
Broad Gauge . . .	12,209	13,070	13,669	13,994	14,089
Metre " . . .	8,631	9,000	9,495	10,389	10,725
Narrow " . . .	315	419	597	689	715
TOTAL . . .	21,155	22,489	23,761	25,072	25,529

The average increase during the last ten years has been about 800 miles per annum.

42. *Irrigation*.—Gross receipts from Irrigation are estimated at £121,100 more than during the year 1901-1902. The anticipated increase is chiefly due to the development of irrigation from the Chenab canal, but the canals in the United Provinces of Agra and Oudh are also yielding larger revenues.

In so far as the increase of irrigation revenues is due to the extension of irrigation works and the bringing of new lands under cultivation, it is a matter for congratulation, but the returns, as regards some canals, are dependent on the seasons. When rains are abundant, the demand for water for irrigation is less—when the monsoon fails it is greater, and consequently our revenues from this source are liable to fluctuations which we can neither foretell nor control.

43. *Other Public Works and Receipts by Military Department.*—The receipts under these two heads do not call for any special remark, the variations, as compared with the Revised Estimate for 1901-1902, being relatively trifling. There is an estimated decrease of £5,700 under the former head, and of £16,000 under the latter.

EXPENDITURE.

44. *Direct Demands on the Revenue.*—The increase under this head is considerable, amounting, as compared with the Revised Estimate, to £546,000. Expenses in connection with the establishment of the new frontier province are responsible for a proportion of this increase, survey and settlement charges will be high, opium payments will be larger, and needs for administrative reforms have been recognized and accepted, at the cost of increased charges.

45. *Interest*—Is reduced by the annual transfer from Ordinary Debt, to Railway and Irrigation Debt. *Post Office* charges increase slightly with the development of the postal service and larger receipts. *Telegraph* charges show a similar small increase. As already explained, the variations under *Mint* are of little or no importance as regards the general result of the Budget, but I may mention that we have undertaken the recoinage of the two issues of 1840 rupees, and we have provided for expenditure on this account.

46. *Salaries and Expenses of Civil Departments.*—The total increase under this head amounts to £964,800. The more important increases are under Courts of Justice, £118,300; Police, £146,500; Education, £358,500; Medical, £156,800; Political, £222,000; one of the items included under the last named head being expenditure for the Delhi Coronation Durbar. A more liberal expenditure on Justice, Police, Sanitation, and Education has become necessary and will, I am sure, be generally welcomed.

47. The figures for *Miscellaneous Civil Charges* show but unimportant differences as compared with those of the Revised Estimate for 1901-1902. The total of the *Famine Relief and Insurance* grant is maintained at £1,000,000.

48. *Railway Revenue Account.*—Charges must naturally increase with growing traffic and extension of railway mileage, but, since we anticipate in the coming year some falling-off from the abnormally increased movement of 1901-1902, we estimate for a decrease of £28,000 in working expenses. This saving is, however, more than counter-balanced by an increase in interest charges on new capital expenditure, with the final result of a net increase under 'Railways' of £294,100.

49. *Irrigation.*—The increase of £252,900, as compared with the Revised Estimate for 1901-1902, is partly due to heavier working expenses, and particularly, to a special grant of 25 lakhs (£166,700) for minor, village irrigation works. It is, in great part, compensated by an estimated increase in revenue, the result of extension of the system of irrigation, already referred to.

50. *Other Public Works*—Show an increase of £848,400, as compared with the Revised Estimate, and include provision for many works the necessity for which will be universally recognized. It is, I believe, generally admitted, that as a result of financial stress, now happily passed, at least for the present, it has been necessary to curtail, in a most undesirable manner, expenditure on hospitals, schools, police stations, and communications, such as minor roads and bridges. I shall have occasion to return to this question.

51. *Army Services*—Show an increase of £1,535,400, as compared with the closing financial year; but, as I have already explained, the expenditure in 1901-1902, partly on account of the prolonged absence of troops in China and South Africa, was considerably below our estimate. Had we been able, during the financial year 1901-1902, to obtain delivery of all stores and material, required from Europe, certain payments for articles still ~~under~~ supply, would have been eliminated from our present Budget Estimate of Military Expenditure.

Summary of Budget Results.

52. We may now consider the results of the Budget which I have presented, and I will endeavour to sum up the situation, as regards Capital Accounts and requirements during the coming year.

53. Our estimate of Revenue and Expenditure chargeable against Revenue, closes with a surplus of £837,700. This surplus we carry forward to the second part of

our Statement, dealing with Capital and Debt Transactions, and including Deposits, Remittances, and Advances.

Our total estimate for Capital Expenditure (not chargeable to Revenue) on Railways and Irrigation, amounts to £8,151,600, of which sum, £4,893,300 is for State Railways, £2,591,600 for the account of Railway Companies, and £666,700 for Irrigation Major Works. In addition to the above, we have to find £1,458,800 for discharging Debt,—exclusive of the replacement of £4,000,000 India Bills affecting both sides of the account,—and we have also to provide for payments on account of Deposit, Remittance and other Transactions amounting to £1,094,700 including a payment, in India, of £337,400 in excess of the receipts in England on account of the Secretary of State's Bills. Thus the gross total of our Capital requirements amounts to £10,705,100.

To meet this requirement, we have, in addition to the surplus of £837,700, a sum of £3,813,300, to be raised by Railway Companies. We further propose to increase our Permanent Debt by £2,500,000, of which 1½ crores, or £1,000,000, will be borrowed in India, and we shall also procure £543,100, by addition to the Unfunded Debt.

These sums amount in the aggregate to £7,694,100, and the balance required to meet the total Capital Expenditure of £10,705,100, will be found by a reduction of our closing balances in India and England, by £3,011,000.

The final result will be a closing balance on March 31, 1903, of £10,832,381, in India, and £4,050,726, in England.

54. The present intention of the Secretary of State is to draw Bills amounting to £16,500,000 next year. This figure is omitted from both sides of the account above summarised.

55. The anticipated surplus of £837,700 is relatively a large one, and it is fairly certain that, if we should be as fortunate in 1902-1903, as we have been in the closing year, it will be increased. It may then perhaps be asked why we have not on the present occasion proposed some reduction of taxation?

My answer is that, apart from the vicissitudes attendant on climatic conditions which so gravely affect our fortunes, and which we must always bear in mind, we must also remember that, in some important branches, our revenue is by no means assured, whilst it is quite certain that unless we choose to risk checking most desirable moral and material progress, our expenditure must increase.

56. There are three main heads of revenue, Land, Opium, and Customs, which between them furnish rather more than one-third of our total resources, and, in my opinion, none of these three can with any certainty be reckoned on to increase in proportion to necessarily increasing general expenditure. We have, under consideration, very important schemes for the reform of the Police, for the improvement and extension of Education, in all its branches, including industrial and agricultural, and for Sanitary measures, and we must have money in hand to permit of these reforms being carried out. Now, notwithstanding that fresh districts are continually being brought under cultivation, by the extension of irrigation, and that, in prosperous districts, land assessments gradually advance, the land revenue as a whole, is, by the conditions under which it is levied, closely restricted, and any increase must be very slow and gradual. Opium, as I have already pointed out, is a peculiarly precarious source of revenue, and the consequences of political disturbances in China, cannot yet be foretold. They will certainly not be to our advantage. Again, our Customs Revenue is—in a direction which we may welcome,—threatened by the development of native industries supplying our wants and diminishing our importations, and, in this connection, I may specially point to the rapid increase in the production of Indian petroleum, which may gradually displace the imported article, and to the much-to-be-desired development of the sugar and cotton industries in India, which will have the same result, and further to the possible revision of the countervailing duties on sugar, as the result of the agreement arrived at by the Brussels Conference.

57. In view of these considerations it seems to me that we cannot at present afford to be too confident in our anticipations regarding a continuance of handsome surpluses. It is not only prudent, but necessary, to hold our hands, and to refrain from counting with too much certainty on the continuance of that financial prosperity which is a new feature in the situation. I hope, and think, that the new asset which we have realized in our railway profits, and the progress of revenues under such heads as Stamps, Excise, and Post Office will make up for any want of elasticity, or falling-off, under Land, Opium, and Customs, but twelve months hence, with the experience of another year to guide us, we

shall be in a much safer position than we are to-day, to estimate the probability of a continued increase in our revenues.

Remission of arrears of Land Revenue and Special Grants in Aid.

58. We have, after the most careful consideration, made what we consider to be the best use of the considerable sums at the disposal of Government. Our object has been to make sure that the bounty, which fortunate financial circumstances have enabled us to distribute, should, directly, reach the pockets of those classes most in need of assistance, or, be devoted to objects from which they must directly benefit. The earnest attention both of the Government of India, and of the Local Governments and Administrations, whom we consulted, has been given to the question of attaining the end we have in view. Fortune has given us a unique opportunity, and we have spared no pains to make the best of it.

59. Though convinced of the leniency of the land assessment, under fairly normal conditions, we are regretfully aware that the ryot has not yet been educated up to the point of realising the full necessity of husbanding his resources in prosperous seasons, so as to be able to meet the stress of hard times. We hope, by the introduction of a system of mutual credit (an important question to which I will return) to find a gradual remedy for this evil, but meanwhile we have to deal with the situation as it exists, and we believe that no more direct benefit could be conferred on impoverished ryots, than will be directly realised from such a very substantial measure of relief from present and future burdens, as the final remission of all arrears of land assessment, in the more sorely tried districts.

We have decided to finally remit R1,98,23,000 (£1,321,500) of arrears of land assessment, in distressed districts, thereby giving the ryot time to recuperate, and courage, from the knowledge that he will not be pressed in his distress.

The final loss to our revenues is not likely to prove as large as would at first sight appear, since, it is probable that, in the end, a portion of the arrears would prove irrecoverable, but the immediate cost to our revenues, in the coming year, will be £738,300.

60. We have also considered the question of giving some special assistance to the agricultural community, by providing an additional grant for irrigation works. We are deeply impressed with the importance of irrigation, and as far as our resources permit, and as opportunity is found for useful expenditure on irrigation works, we are anxious to encourage their extension. It is, however, impossible to undertake, simultaneously, many considerable schemes of irrigation, and large works often take many years to plan and to complete, and their execution cannot be hurried. We have come, then, to the conclusion that the most direct and immediate benefit from an additional grant for irrigation, would be secured by its distribution in small sums, for minor works, such as village wells, tanks, and channels, and we have accordingly sanctioned a special grant of 25 lakhs, to Local Governments, to be employed on such objects.

This is in addition to the usual grant of one crore of rupees for larger irrigation undertakings, and to £93,000 assigned from the Famine Relief Fund for unproductive protective irrigation works. The total estimate for capital expenditure on irrigation, during the coming year, thus amounts to £927,200, a sum considerably in excess of that which has been allotted, for this purpose, in recent years.

61. We next resolved to endeavour, by a special money grant, to meet some of the more urgent needs for expenditure on such objects as Education, minor Public Works and Sanitation. We are painfully aware that expenditure in this direction, has, owing to financial difficulties, been sadly curtailed of late years; we are satisfied that a well-distributed grant under the heads named, will prove of direct benefit to those whom we seek to aid, and we have therefore placed at the disposal of Local Governments, 40 lakhs for expenditure on Education, 32 lakhs for Public Works, and 18 lakhs for expenditure on Medical requirements and Provincial administrative purposes.

62. Finally, we have decided on the abolition of the Pandhri tax in the Central Provinces, at a cost of about R70,000 and on the reduction of the Patwari rate in Ajmere from 10 to 6½ per cent on the Land Revenue. The Pandhri tax, since the introduction of the Income-tax, has virtually become an Income-tax on incomes below R500. It presses with much severity on a limited class of persons with small means, and is generally considered a hardship.

63. The total cost of the above measures reaches the very large sum of £1,511,200, but, we believe that the money has been distributed, where there was the greatest need

for assistance, and that the results of its expenditure will be directly realised, and widely appreciated.

Exchange and the Gold Reserve Fund.

64. The question of exchange has so constantly and necessarily occupied the thoughts of the Government of India and the general public, during so long a period, that if this year I were to omit reference to the subject, it is possible that the omission might be misunderstood. I am glad to say, however, that under present circumstances, there is no occasion for us to specially dwell on the question of exchange, and I may with satisfaction, once more repeat the statement that the object of Government, the maintenance of a stable exchange, has been realised during the past year, on the lines of policy previously laid down.

The average rate for Council Drafts throughout the twelve months now drawing to a close is expected to be 15'991*d.* The maximum rate reached in the month of February 1902 was 16'054*d.* The minimum rate in the month of July 1901 was 15'905*d.* The maximum variation was, therefore, '93681 per cent.

As regards the sale of Council Drafts, our estimated requirements for 1901-1902, were for a total remittance of £16,500,000, but we have found it possible to effect a remittance of no less than £18,539,000 without affecting the course of exchange further than is shown by the figures above quoted.

We have, I am aware, been criticized for the relatively high rate at which Council Drafts have lately been sold. But, although there is much to be said for regulating the rate so as to avoid the importation of gold, taking the place of other, temporarily less profitable, remittances, I think that as long as importations of gold do not attain proportions directly prejudicial to the interests with which Government are charged and as long as the rate demanded for Council Drafts does not exceed that which would result from the calculation of interest at the current rates charged by the Presidency Banks, Government will act correctly in seeking to obtain a somewhat higher rate in the busy season, when our drafts are in considerable demand, than can be obtained in the slack season, when there is some difficulty in finding buyers at desirable rates. It must be remembered that, although absolute fixity of exchange is an impossibility, it is a legitimate object to obtain as nearly as possible an average rate of 16*d.* for the rupee on the aggregate of the year's transactions.

65. In this connection, I would call attention to the practical utility of the Gold Reserve Fund, and the maintenance of a stock of gold. In the month of July 1901, we had considerable difficulty in selling our drafts, the demand being, as usual, very limited at that season. It is perfectly natural, and in accordance with business principles, that bankers and others who can afford to make remittances ahead, for the purpose of accumulating capital in India, to be used with profit during the busy months, should, as far as their immediate interests are concerned, desire to see a temporary fall in exchange at that season. It is equally the duty of Government to prevent, if possible, adverse fluctuations of the rate reaching exaggerated proportions. When we found in the month of July last, that in view of the conditions prevailing at that date, we could not sell our drafts at what we considered a suitable rate, we ~~draw~~ on our stock of gold and remitted £500,000 to England to meet, temporarily, the requirements of the Secretary of State. The result of this remittance realised our anticipations, by sufficiently steadying exchange during the critical period, and obviating the necessity of taking any further steps in the same direction. We can now record with satisfaction that the comparatively low rates for drafts, which we were forced to accept last summer and autumn, have been compensated by the higher rates obtained in the winter, the result having been to establish for the year the satisfactory average rate 15'991*d.* above quoted.

66. Last year, I announced the establishment of the Gold Reserve Fund, and I stated that all profits of coinage accruing since the beginning of the then closing financial year, would be paid into that fund as soon as our resources should permit of such payments being made. We then calculated on the reimbursement of large advances to Native States and, of takavi loans made by Government, in connection with famine necessities, as a source, which, in course of time, would furnish the necessary funds wherewith to make the promised payment. I am glad to say, however, that we have been able to anticipate this payment, and that before the close of last December, the full amount due had been paid into the Gold Reserve Fund. The fund now amounts to £3,455,282, which sum according to our announced intention, to invest in gold securities, has been invested in British Consols.

Coinage and Currency.

67. During the past year our coinage operations as regards the coining of rupees have, as compared with the previous year, been limited, the amount coined to the end of February being only ₹4,32,32,590 for Government, and ₹52,75,010 for Native States, giving a total coinage of ₹4,85,07,600. It is not possible to say when we may again have to coin rupees, though it seems probable that the coming year will not close without our being obliged to recommence operations.

68. I must admit that this time last year, I was somewhat nervous in view of the very large additions we had made to our silver currency, and my anxieties were increased by a fairly general consensus of opinion among those most experienced and best qualified to pronounce on the question, that we should certainly see a considerable proportion of the assumed excessive coinage returning to the Presidency towns and creating an embarrassment which would have to be faced. As you are aware, no such difficulty has arisen. There have been no signs of a superabundance of currency in circulation, but, on the contrary, it would appear that in our previous operations we did not go beyond the requirements of the time, and that we may before very long be called upon to furnish fresh supplies of the universal circulating medium of the country.

I will only add that, as long as we restrict ourselves to supplying evident requirements, and religiously hold coinage profits in the Gold Reserve Fund, I see no reason for any anxiety as regards the amounts which such requirements may reach. And with the development of trade and industries, the requirements for currency cannot but increase.

Circulation of Currency Notes.

69. As regards the circulation of Currency notes there is no new feature of importance to record as the result of the past year.

70. I submit two statements:—

I.—Showing the gross circulation of paper currency for all India.

II.—The circulation, excluding amounts held by the Government Reserve Treasuries and by the Presidency Banks at their head offices.

(In lakhs of rupees.)	1898-99.	1899-1900.	1900-1901.	1901-1902 (11 months only).
STATEMENT I.				
	R	R	R	R
Average	25,63	27,96	28,88	29,89
Maximum	28,20	29,27	30,78	31,86
Minimum	23,25	26,26	27,90	27,68
STATEMENT II.				
	R	R	R	R
Average	20,79	23,09	23,86	23,06
Maximum	22,49	24,41	25,02	23,98
Minimum	19,43	21,94	22,85	22,29

It will be observed that the average circulation in Statement II, which merits the more important consideration, was a trifle below that of the preceding year.

71. We have had under our consideration, and have been earnestly studying the question to which I referred last year, of finding some means of popularising the use of notes, and ensuring freer encashment than has hitherto been always possible.

This question is beset with difficulties, and the divergencies of opinion recorded by the large number of Government officers, Banks, and Chambers of Commerce consulted, are truly extraordinary. These opinions were, however, all carefully studied, and when their results were summarised, the question was again considered by an

informal conference, at which the most experienced Government officers were assisted in their deliberations by the valuable advice of two business experts.

I mention these details to show that, although the year has passed without our introducing any new measure, the question has been diligently followed up, and I hope that it will not be long before a final decision may be taken.

The Presidency Banks.

72. As a result of discussion commenced during the term of office of my predecessor, and since carefully pursued, the Government of India have come, somewhat reluctantly, to the conclusion that the present, at all events, is not a suitable time for the establishment of a Central Bank. The documents relating to the discussion of this question were published for general information. In these documents the ideas and opinions which guided our decision were fully set forth, and it is unnecessary for me to recapitulate them. I remain of opinion that the position of the Government of India, under present arrangements, as the Chief Banker of the country, is not one to be viewed with favour, and could any satisfactory scheme be devised by which Government might be relieved of its responsibilities in this matter, I should welcome the change.

Having for the time, at least, disposed of the question of the foundation of a Central Bank, we have now to turn our attention to that of the conditions of the relations between Government and the Presidency Banks. We have carefully considered the statements made by the Banks regarding the disabilities under which they now work, and we hope that it may be found possible to accept some modifications in existing arrangements, in the direction of removing the more serious difficulties which the Banks have represented. As the result of correspondence between Government and the Banks, I think that the question has now been sufficiently advanced to render desirable a verbal interchange of views between the officials of the Government of India and the representatives of the Banks, and I hope that, as a result of such verbal discussion, we may arrive at reasonable and satisfactory decisions.

73. Last year I submitted a statement showing the Government balances with the Presidency Banks during the busy months of the year. It was objected that the figures, then given, were those of the last day of each month, and it was urged that the statement of the average balances during each month would furnish a much truer view of the situation. I accepted this criticism, and now submit a statement in which the figures represent the respective averages for the months tabulated.

Government Balances with the Presidency Banks.

[In thousands of Rupees.]

Month.	1898.	1899.	1900.	1901.	1902.
January	2,78,41	2,73,84	2,48,75	2,64,54	2,85,89
February	2,74,04	2,72,31	2,56,23	2,86,73	2,97,16
March	3,19,63	3,38,07	2,79,18	3,15,79	
December	2,68,65	2,38,75	2,48,90	2,82,02	

I think that these figures confirm my previous statement that the Government of India are not unmindful of the advantage to the business community of placing comparatively large balances at their disposal during the busy season.

74. I may add that I am most fully sensible of the importance to trade of avoiding violent fluctuations in the money market and excessive rates of interest. From one point of view, and that an important one to the mercantile community, the lower the rate of interest the better. But, we must remember that, if under present conditions, the rate of interest in this country should fall to the level of rates in Western Europe, there would be a direct check on the profitable employment of European capital in India.

There appears to be a general consensus of opinion among competent authorities whom I have consulted, that the ordinary trade of India is not appreciably checked by the temporary advance of the rate of interest, to 8 per cent during the busy season of the year. The Presidency Banks rate, to-day, is 8 per cent. That rate has not been exceeded since the month of June 1898, and I trust, and anticipate, that 8 per cent will come to be considered as a maximum, only likely to be exceeded in times of severe financial stress, arising from abnormal circumstances which defy control.

Army Services.

75. As I explained last year, the lessons of the South African War cannot be neglected, and having taken them to heart, it is our duty to endeavour with such speed as our resources may permit to make good recognised deficiencies in our military position, especially in the matter of armament, material, improvement in supply and transport organisation, and accessory departments. A good deal was done in this direction in the year 1900-1901, more has been accomplished during the year now drawing to a close, but, I am sorry to say that we have not yet reached a position such that we can confine our attention and expenditure to the maintenance of a machine complete in all its parts.

The task we have undertaken is a most serious one, and although we are fortunate in the cordial co-operation of my Honourable Military Colleague in keeping expenditure within the narrowest limits compatible with efficiency, it is impossible to avoid a heavy outlay. It must be remembered that India is defraying from revenue the cost of undertaking both re-armament and the reform of military organisation in important departments. I believe that this is an undertaking which has not been attempted by other countries, without the assistance of loans in some form, or other. Even in England, extraordinary military requirements for fortifications and barracks, have been met by loans, for short terms of years, repayable, by instalments, out of revenue. If, profiting by a period of political tranquillity, we can accomplish this task, without the raising of a loan and the imposition of a permanent burden on future generations, I think that we shall be able to congratulate ourselves on having done that which even the richest nations of Europe have not considered it advisable to attempt.

76. I should add, on this question, that, a certain section of our present abnormal military expenditure, namely, that for the establishment of factories in India, such as the Cordite Factory in the Nilgherries, the Gun Carriage Factory at Jubbulpore and the Small Arms Factory at Ishapore, will not only have valuable results from the military point of view, but will be of direct benefit to the people of India in lessening the cost of war material, in providing well-paid employment for labourers and artisans, and in assisting the education of the people in mechanical trades.

The following statement shows the apportionment of special grants made for more important military requirements:—

	£
Armament and Ordnance Stores	671,200
New Factories at Jubbulpore	61,000
Factories at Wellington and Ishapore	109,000
Transport Service (including purchase of animals)	105,000

77. In concluding my observations on military expenditure, I must refer to the somewhat unexpected demand which has now been made upon our resources for additional pay to European troops. We cannot, at present, state definitely what may be the final amount of the annual call upon our resources, necessitated by this demand. But, for the coming year, it has been estimated at £226,000; and by this sum our Military Budget is unavoidably increased.

78. I submit below the figures showing the net military expenditure, actual and estimated, for the five years 1898-99 to 1902-1903:—

<i>Net Military Expenditure of last five years.</i>		
Year.		£
1898-99	Accounts	15,385,042
1899-1900	Ditto	14,165,743
1900-1901	Ditto	14,265,525
1901-1902	Revised Estimate	15,224,100
1902-1903	Budget Estimate	16,775,500

A considerable proportion of the large increase in the estimates of the coming year, over the Revised Estimate for 1901-1902, is due to the fact that, for the coming year, we cannot reckon on the continuance of important savings arising from the absence of troops in China and South Africa.

Public Works.

79. *Railways*.—The following figures show the comparative capital expenditure on Railways for five years:—

	£
1898-99	5,894,746
1899-1900	5,978,520
1900-1901	5,317,768
1901-1902 (Revised)	6,257,000
1902-1903—	
Capital expenditure on open lines	3,672,100
Ditto lines under construction	2,431,700
Ditto new lines recently commenced	831,600
Ditto new lines to be commenced next cold weather	397,900
	<u>7,333,300</u>

As regards Railways, we have continued the policy of giving the first place to expenditure required to render existing railways efficient; the second to the completion of lines now under construction; and we have assigned the third and last place to expenditure on new projects.

80. The question of capital expenditure for the construction of new lines of railway, is becoming a serious one, owing to the fact that, however much we may be impressed with the necessity for opening new lines of communication, resources available for capital expenditure on railways are clearly limited. We may, from time to time, be able to contribute towards capital requirements, from extraordinary revenue surpluses, but this is not a source on which we could, or should, generally reckon. Funds for capital expenditure must as a rule be found by borrowing. We can borrow in two markets, the Indian and the English. Now, the amount of capital available, in India, for investment in Government Securities, is, to-day, very limited, and it is very doubtful whether, under present conditions, we could with safety raise loans amounting to even three crores of rupees (£2,000,000) in two or three successive years. In London, the market is equally limited from another cause. There, under normal circumstances, money seeking investment is sufficiently plentiful, but, the number of investors to whom Indian stocks are familiar is, unfortunately, extremely limited, and the moment that our necessities for funds oblige us to endeavour to attract what I may call outside investors, we are forced to lower our price of issue in a manner that not only entails direct loss, through higher charges for interest, but, also, affects the good-will of our limited clientèle of habitual investors, who, seeing the price of their stock falling, become discouraged and less ready to subscribe to future issues.

At the same time, our requirements for capital expenditure on railways must necessarily, year by year, grow larger, if we are to continue a reasonable development of our railway system, by new construction. We cannot but congratulate ourselves on the extraordinary increase of traffic on existing railways, but this rapid development entails a corresponding increase of capital expenditure on these lines: To cope with the expansion of traffic, more rolling stock, larger stations and goods sheds, additional sidings, and signalling apparatus, and sometimes duplication of the permanent way, are imperatively required, and this cannot be provided without large capital expenditure. We have undertaken to provide for all such reasonably established requirements, and we are threatened with some day finding the whole of our capital resources absorbed in fulfilling this undertaking, and little or nothing left for new construction.

The situation, as regards the future, is a serious one. It can only be met by extending the field which supplies our capital requirements, and many difficulties must

be overcome to attain this end. The question is necessarily occupying the attention of Government, and although I do not think that any heroic remedies can be found, I trust that a practical and satisfactory solution may be discovered.

Provincial Settlements.

81. It is well known that Provincial finance is regulated by a system of periodical Settlements. These Settlements are the result of discussions between the Government of India and Local Governments, whereby the normal annual expenditure, at the date of settlement, is established for each Province, and the Government of India assigns to the Provincial Governments, such proportions of Imperial Revenue as are collected in the respective Provinces, and as are estimated as sufficient to provide for accepted requirements. The assignments of revenue include both a fixed sum and a proportion of growing revenues, the latter being calculated with a view to allowing for a natural growth in expenditure being met by expanding revenue.

82. Following the ordinary rule, the Settlements with the various Provincial Governments, which have hitherto been made for five years, stand due for revision from the 1st April 1902. It has, however, been recognised that, as the result of plague and famine, existing conditions are in large areas so abnormal, and Provincial finance, in some Provinces, has been so thrown out of equilibrium, that it would be difficult, if not impossible, at this season, to arrive at any sufficiently accurate estimate of resources and requirements, to permit of an equitable settlement being worked out upon a sure basis. It has therefore been decided to postpone the revision of Provincial Settlements for at least one year, except in the case of Burma.

Burma has hitherto fortunately escaped from the calamities which have overtaken some other parts of India, and the progress of that rapidly developing Province has been for some time past, one of steadily increasing prosperity. In these circumstances, we undertook the revision of the settlement of Burma, and under the new conditions which will come into force from April 1902, we have been able to resume, for the benefit of Imperial revenues, an annual sum of £280,000. This we have been able to do without in any way compromising the future of the Province, whose revenues have been increasing so rapidly that, at the close of the current financial year, the provincial balance will stand at approximately ₹1,40,79,000 (£938,600) or some 129 lakhs (£860,000) in excess of the prescribed minimum balance. I should add that the Government of Burma will be at liberty during the term of the new Settlement, which has been fixed at the usual five years, to dispose of this excess balance on public works and other useful purposes.

83. In view of the approaching general revision, we have been for some time past, carefully studying the whole question of the conditions of Provincial Settlements. I have given very great attention to the details of this question, and I find it most complicated and difficult. Nearly every Province in India is convinced that the share of revenues assigned for its needs is totally inadequate, and, moreover, many Provinces consider that they are sacrificed for the benefit of more fortunate rivals. Some are very loud in their complaints, others accept quietly what they nevertheless consider to be an unjust fate. All I can now say is that, whilst recognising that backward or abnormally distressed Provinces have especial claims for assistance which can only be given at the cost of more prosperous neighbours, the Government of India are sincerely anxious to remove all just cause of complaint, and, as far as resources may permit, to provide sufficiently for a reasonable and healthy growth of Provincial requirements.

It is not likely that we shall be able to give universal satisfaction, but I would ask that our proposals, when matured, may be considered without prejudice, and that the claims of Imperial requirements and of necessitous neighbours be fairly admitted.

Countervailing Duties.

84. The countervailing duties on bounty-fed sugar have now been levied during a period of nearly three years. They have brought in a very handsome addition to Indian revenues, but it cannot be said that they have had any apparent, important, influence in checking importations of foreign sugar.

The fact is that the direct bounties granted by some Foreign Governments on the export of sugar, form but a portion, and not always the larger portion, of the profits

derived by sugar manufacturers from the export of their produce. In addition to the fixed direct bounty per ton paid by Foreign Governments on the exported article, arrangements have in many cases been made, and not always without the assistance of State influence, whereby Railway Companies undertake the carriage of sugar to the seaports, at rates totally out of proportion to those charged on any other class of merchandise, and Government subsidised steamers equally transport the sugar to countries across the seas, at rates of freight quite unobtainable for ordinary goods, in ordinary circumstances. And not only do foreign sugars benefit by such special concessions as these, but, also, with the express purpose of cultivating external trade, refiners have combined to maintain the price of sugar consumed in the country of production, at such abnormally high rates, as to permit of the exported surplus being sold at considerable loss, while still maintaining a high average rate of profit on the sale of the total output.

The question of sugar bounties, both direct and indirect, has been fully discussed at an International Conference which has just terminated its proceedings in Brussels. The result of the Conference has been an agreement which, it is said, will have an important influence in checking bounty-fostered trade, but we must examine the details of the proposals which have been adopted, before we can form any certain opinion as to their effect on Indian interests. It may be that the decisions arrived at, will, at an early date, lead us to review our present procedure in the matter of countervailing duties.

85. I append for general information a statement of the imports of sugar similar to that given last year.

Imports of Sea-borne Sugar from other Countries, into British India.

COUNTRY.	1898-99.		1899-1900.		1900-1901.		1901-1902 (Ten months).	
	Cwt.	£	Cwt.	£	Cwt.	£	Cwt.	£
<i>Refined.</i>								
United Kingdom . . .	35,565	49,486	65,424	76,393	119,272	90,047	148,360	112,253
Austria-Hungary . . .	1,063,737	723,256	777,821	569,188	1,321,310	1,032,493	1,595,553	1,111,848
Germany	413,971	289,209	60,526	40,703	401,980	304,826	499,705	365,899
Mauritius	1,793,607	1,237,104	1,417,115	1,020,325	2,085,156	1,543,275	1,485,511	1,057,435
Egypt	1,261	864	6,977	5,649	34,772	26,943	79,623	54,687
Ceylon	2,117	1,575	16,813	12,747	8,270	6,519	736	550
China-Hongkong . . .	185,682	139,900	316,975	243,676	487,439	383,576	158,104	123,467
Java	162,500	113,493	190,553	123,606	225,247	150,118	164,333	101,167
Straits Settlements . .	75,656	59,158	79,999	59,743	144,166	102,650	61,577	45,294
Other Countries . . .	30,814	21,443	3,789	3,630	14,024	11,403	8,042	6,339
TOTAL	3,764,910	2,635,488	2,935,992	2,155,660	4,841,636	3,651,850	4,201,549	2,978,939
<i>Unrefined.</i>								
Mauritius	310,504	41,636	356,231	47,898	404,370	55,364	401,373	54,085
Ceylon	510	144	289	84	112	20	460	176
Java . . . . .	...	...	67,635	47,085	...	...	10,072	5,603
Straits Settlements . .	1,551	725	667	340	4,087	1,807	68,404	34,862
Other Countries . . .	24	6	48	19	108	48	103	36
TOTAL	312,589	42,511	424,870	95,426	408,677	57,239	470,412	94,762

Famine Results.

86. The monsoon, last season, was in general fairly favourable, but in some large tracts, particularly in Rajputana and Gujerat, the rains were sadly insufficient for agricultural needs, and although fortunately, fodder has been fairly plentiful, the serious failure in food-crops has been a severe trial to the already impoverished population. As a result of this renewed calamity, there have naturally been further imperative calls for assistance from the Government of India. A considerable portion of the distressed area lies within territories under the rule of Indian Princes, and we have felt it to be a duty to give assistance alike to the sufferers under native rule, and to those directly under

British Administration. To Native States, during the past year, we have made advances amounting to £597,400, besides accepting demands from Local Governments, amounting to £556,200, of which the Bombay Presidency received £533,800. The total outlay amounted to £1,153,600. Further, as regards next year's budget, we have estimated for charges on account of direct famine relief, amounting to £423,200, which, with £93,900 assigned to the construction of protective irrigation works, £474,200 reserved for avoidance of debt, and the estimated net loss of £8,700 on the Bengal-Nagpur Railway, makes up the total charge of £1,000,000 for Famine Relief and Insurance.

The Financial Secretary has included in his appended statement, a valuable table showing the disposal of the provision made for Famine Relief and Insurance, for twenty-five years from the date when the Account was instituted. I extract from this table the following interesting figures summarising the results since 1878-79:—

Total Revenue provided.	Expenditure on Famine Relief.	Expenditure on protective works including net charges for Indian Midland and Bengal-Nagpur Railways.	Amount applied in reduction of debt.	Total Expenditure.	Estimated balance at credit, March 31, 1903.
£25,000,000	£12,658,038	£9,399,739	£1,510,612	£23,568,389	£1,431,611

Mutual Credit and Agricultural Banks.

87. I have already referred to the question of mutual credit in India. It is most desirable to encourage habits of thrift among the peasantry, and the successful establishment of mutual credit institutions would, besides stimulating such habits, secure to all members of such institutions, resources wherewith to meet the necessities of hard times, which could never be accumulated, individually, even by the most thrifty. Such mutual credit institutions, when established in country districts, for the special benefit of agriculturists, will probably be known as Agricultural Banks.

Government attach very great importance to the question of developing a system of credit for the benefit of the ryots and the poorer classes of the community, and, under the Viceroy's orders, a Committee assembled in Simla, last June, to consider the subject and to formulate proposals. I had the fortune to serve on that Committee, which included among its members, officials of wide experience, from nearly every important province of India, besides a specially qualified banking expert, and I can bear witness to the patience and thoroughness with which the question of mutual credit was considered and discussed in all its bearings, connected with India.

The conclusions of the Committee were pronounced in no uncertain voice, and are generally highly favourable to the idea of establishing mutual credit institutions. They were formulated in a report which has been made public. The question is, however, of such importance, and is so dependent upon varying customs and conditions in different parts of the country, that it was considered advisable to refer the report for the opinion of all Local Governments, before taking action thereon. This reference involves considerable delay in taking definite action, but I have every hope that, at an early date, we may be favoured with the opinions of the authorities consulted, and we shall then be in a position to decide on the most suitable lines of procedure, and to take energetic steps for carrying out a well-considered programme.

Economic Progress.

88. I dealt with this question somewhat fully last year. It is impossible to record many striking facts, in each succeeding year, but the question is one of such vital importance, and one in which the Government of India is so keenly interested, that I cannot entirely pass it over on this occasion.

89. Last year, I called attention to the extraordinary recuperative power of India, as a whole. The year now drawing to a close has, I think, more than confirmed the views which I then expressed, and which, in some quarters, were held to be too optimistic. We cannot say that the climatic conditions of the closing year were in any way specially favourable to agriculture, the mainstay of our position, but, even without specially favourable conditions for agriculture, the country, as a whole, has advanced on the path of economic progress.

90. There can be no desire to make light of the fact that, spread over certain large areas, there is, to-day, a considerable population suffering from severe calamities, and the measures which I have noted as taken by Government to alleviate their distress,

are sufficient proof of the lively sense of responsibility which we feel in the matter. But these large areas, and this considerable suffering population, are but a relatively small factor in the general economy of this extensive Empire, with its hundreds of millions of inhabitants, and when the general situation is considered, with a due sense of proportion, there is nothing to surprise us in the fact that the balance of movement continues to be in the direction of economic progress.

91. I have already quoted the remarkable figures of our Customs Revenue, showing the increasing purchasing power of the mass of the community. Our latest figures show also steady improvements in the revenue from Stamps, Excise, Post Office and other Departments, whilst the great increase in Railway traffic, and the brisk trade, dependent, in great measure, on exports of produce, appear conclusive, as regards the generally satisfactory yield of the soil, in all those districts which have escaped the influence of abnormally unfavourable climatic conditions.

92. As I stated twelve months ago, the prosperity of the agricultural population, must, from the financial, as well as from other points of view, be the deepest concern of the Government of India. There are no heroic measures which Government can usefully take for the direct assistance of agriculture and the agricultural community. We have, however, done what is possible, without stint of our resources, to improve communications for the transport of produce, to open new lands to cultivation by irrigation, to improve others by irrigation, and to alleviate the burden of land assessments where, through exceptional circumstances, it has been thought that it might temporarily press too severely; we are endeavouring to work out a system of credit for the ryot; and we are looking forward to securing gradual improvement in agricultural methods by the introduction of more scientific processes.

An important step in this latter direction, has been taken in the appointment of a special agricultural expert as Director of Agriculture in India. But we cannot hope that a conservative peasantry will immediately accept the lessons, which, with due regard to agricultural conditions in India, we are anxious to impress upon them. We may, however, fairly anticipate that the result of the various measures above indicated, will be a gradual improvement in the material prosperity of the classes directly dependent on the land.

93. It is with great regret that we observe that the two important industries of indigo and tea are still suffering from a serious crisis. Efforts are being made to cheapen and improve the cultivation of indigo, and, personally, I have great hopes that these efforts will be crowned with success. There is certainly in most quarters much opportunity for improvement, and the fact cannot be gainsaid that, even to-day, the better qualities of indigo obtain a ready sale at fair prices, and that some of the more favourably situated and best managed factories have earned good profits.

94. The probability of a general revival of the indigo industry is a matter of opinion and speculation. I am, personally, strongly of opinion that such a revival is possible, though it cannot be secured without very considerable effort. It would perhaps be out of place, in a Financial Statement, to discuss questions of detail dependent on agricultural and chemical processes, but I so fully realise the importance of sustaining the indigo interest, that I have lost no opportunity of examining the question in all its details, and my conviction is that energy and the adoption of scientific methods, should win the day for the indigo planters.

95. As regards tea, the internal trade and the trade with Persia, in connection with which the tea interest has displayed laudable energy, are developing satisfactorily. The quantity of tea exported during the closing year, compares not unsatisfactorily with exports in past years. Good qualities of tea still command fair prices, and in favourable circumstances, some well-managed tea estates still yield good profits.

I am, however, aware that in some competent quarters, it is feared that, the result of extension of cultivation during the last few years, will yet aggravate the evil of over-production, and that the forcing of increased supplies, on the market, will tend to still further lower prices and prejudice the position of even those estates which are successful to-day.

I give below the figures showing the exports of Indian tea during the last two years:—

	Lbs.
1900-1901	190,305,490
1901-1902 (ten months)	167,636,555

96. The jute industry is, I am glad to say, flourishing, the cotton and rice crops have been good, and have found ready sale, and our cotton manufacturing industry has taken a turn for the better, evidenced by increasing output, disposed of, I believe, at fairly remunerative prices.

FINANCIAL STATEMENT OF THE

97. I have already, in connection with Customs returns, referred to the large increase in importations of machinery and mill-work, and this increase is clearly due to a satisfactory development of manufacturing industries.

98. The Coal business is flourishing, and the exports of coal, on the rapid development of which I commented last year, have again increased, as is shown by the figures now tabulated :—

	Quantity.	
	1900.	1901.
Coal shipped from Calcutta	1,750,981	2,008,322
„ supplied to bunkers	615,504	659,851
Tons	2,366,485	2,668,173

99. As regards shipments of coal, the competition of coal shipped from Europe, must be borne in mind ; when freights are low, as at present, this competition makes itself strongly felt. The volume of our shipments, is, therefore, to a certain extent, dependent on the very uncertain factor of freight rates from Europe. It may be hoped, however, that improvements in arrangements connected with the land transport and handling of coal, in India, will tend to lower f. o. b. prices in Calcutta, and leave a larger margin for profits on shipments.

100. Finally, I would call attention to the increase of deposits both in the Presidency Banks and other banking establishments, and in the Postal Savings Bank Department. The figures are as follows :—

Private deposits in the Presidency and Joint Stock Banks and in the Postal Savings Bank.

Banks.	1898.	1899.	1900.	1901.	1902.	REMARKS.
	R	R	R	R	R	
Presidency Banks.	110,74,04,337	11,20,52,495	12,75,63,249	14,72,36,481	14,75,54,729	(a) Latest figures available, taken from the balances in the first and second weeks of March 1902.
Joint Stock Banks .	6,81,08,196	7,34,24,383	7,95,95,466	8,85,19,469	—	(b) No later figures than those shown are available.
Postal Savings Bank .	9,28,72,978	9,42,80,041	9,64,64,466	10,04,32,569	10,59,96,569	(c) Revised estimate of the probable balance on 31st March, 1902.
TOTAL	26,83,85,511	27,97,56,924	30,36,23,181	33,61,83,519		

NOTE.—The figures for the Postal Savings Bank are the balances on the 31st March of each year, whilst the figures for the Presidency and Joint Stock Banks are the balances on the 31st December.

The increase in private deposits, noted above, is a distinctly satisfactory feature in the situation.

Conclusion.

101. In conclusion, I would observe that, although we recognize, and have indicated, some cloudy spots in a generally satisfactory situation, there is much reason for confidence in the future. I would, however, strongly deprecate exaggerated optimism. The vicissitudes of fortune in a country mainly dependent on agriculture, must be borne in mind, and we must not count too certainly on the continuance of the prosperity now enjoyed by the great majority of the peoples of India. We must not allow our satisfaction over generally good results to deaden our sense of sympathy for suffering groups and classes. Equally, we must not permit a proper sense of sympathy with an afflicted minority, to distort our judgment, and prevent the recognition of much that is highly satisfactory in the material condition of the great majority of our Indian fellow-citizens.

March 19, 1902.

E. FG. LAW.

PART II.

BEING A MEMORANDUM BY THE FINANCIAL SECRETARY EXAMINING THE DETAILS OF THE ACCOUNTS AND ESTIMATES.

Section I.—The Accounts of 1900-1901.

102. The surplus of the year in the Accounts was £1,670,204, being almost identical with that, £1,640,400, anticipated when the Revised Estimate was framed in March last. 1900-1901.
General Result.

The variations between the figures finally entering into the Accounts and those taken in the Budget and Revised Estimates of the year are fully explained in the Appropriation Report published in the *Gazette of India* of the 8th instant.

The following is a general comparison of the Revised Estimates with the Accounts of the year:— 1900-1901.
Statement of the
gross figures.

	Revised.	Accounts.	Accounts, better.	Accounts, worse.
REVENUE. £	£	£	£	£
India	74,951,900	75,054,215	102,315	...
England	214,100	218,076	3,976	...
TOTAL	75,166,000	75,272,291	106,291	...
EXPENDITURE.				
India—				
Imperial, Provincial, and Local	56,324,300	56,210,542	113,758	...
Adjustment of Provincial and Local Surplus or Deficit	+25,800	+190,588	...	164,788
NET	56,350,100	56,401,130	...	51,030
England	17,175,500	17,200,957	...	25,457
TOTAL	73,525,600	73,602,087	...	76,487
SURPLUS	1,640,400	1,670,204	29,804	...

The extraordinary closeness of the final result to that of the Revised Estimate is a feature which we cannot hope to reproduce often in view of the fact that the Revised Estimate is framed at a time when we have almost no information regarding the actuals of the last month of the year and only partial information regarding those of the eleventh month. The difference of £29,804 is the result of somewhat larger counterbalancing differences.

103. The Land Revenue collections fell short of the Revised Estimate by £192,769, the larger part of the deficiency occurring in Bombay: there were decreases also in Madras, Bengal, and the United Provinces of Agra and Oudh, and increases in Burma and the Punjab. The Railway Receipts exceeded the Revised Estimates by £197,408. The Mint Receipts increased by £94,349, as the gross profits on coinage exceeded the Estimate of March last: these receipts do not remain in the surplus, as they are paid to the Gold Reserve Fund. Under other heads of Revenue in India there were increases under Customs, Forest, Salt, and Income-tax; and decreases under Irrigation, Army, Opium, and Excise. 1900-1901.
Revenue in
India.

104. The total expenditure in India was less than the Revised Estimate by £113,758. But the decrease occurred in the Provincial and Local Section of the Accounts. The Imperial Expenditure exceeded the Revised Estimate by £71,398. The Provincial and Local Expenditure was less by £185,156. The Provincial and Local Revenue was also less by £20,368. The difference 1900-1901.
Expenditure in
India.

between the two last-mentioned figures represents the increase of £164,788 shown opposite the "Adjustment of Provincial and Local Surplus or Deficit," which converts the decrease in total expenditure in India into an increase for the calculation of the Imperial surplus. The increase in the Imperial Expenditure is more than accounted for by the increase under Mint, £133,719: the net profits on coinage paid to the Gold Reserve Fund exceeded the Estimate of March last. Of the decrease in Provincial and Local Expenditure, £65,395 occur under 45.—Civil Works, £36,544 under Direct Demands on the Revenues, £29,647 under Miscellaneous Charges, and £10,294 under Civil Departments.

1900-1901.
Revenue and
Expenditure in
England.

105. The increase in sterling receipts occurred under Interest, £5,392, partly counterbalanced by smaller receipts under Army. The sterling payments for Ordnance and other Army Stores exceeded the Revised Estimate by £92,473; almost all other sterling payments were less, and the total of these small decreases reduced the above excess to £25,457 on the total sterling expenditure.

Section II.—The Revised Estimate of 1901-1902.

1901-1902.
Statement of the
gross figures.

106. The following is a general comparison of the Budget Estimate with the Revised Estimate of 1901-1902:—

	Budget.	Revised.	Revised, better.	Revised, worse.
	£	£	£	£
REVENUE.				
India	71,795,300	76,057,100	4,261,800	...
England	396,600	489,600	93,000	...
TOTAL	72,191,900	76,546,700	4,354,800	...
EXPENDITURE.				
India—				
Imperial, Provincial, and Local	53,539,700	52,810,000	729,700	...
Adjustment of Provincial and Local Surplus or Deficit	—182,600	+1,217,000	...	1,399,600
NET	53,357,100	54,027,000	...	669,900
England	18,143,900	17,846,800	297,100	...
TOTAL	71,501,000	71,873,800	...	372,800
SURPLUS	690,900	4,672,900	3,982,000	...

1901-1902.
General Remarks.

The remarkable feature of the year is the very large and widely diffused improvement in Revenue. The total Expenditure is considerably less than the Estimate, but the saving has occurred in the Provincial and Local Sections of the Accounts, the Imperial Expenditure showing a slight increase.

In India there is an increase in Revenue of £4,261,800, and a decrease in Expenditure of £729,700. Of this improvement of £4,991,500, the sum of £3,591,900 appertains to the Imperial Section of the Accounts, and £1,399,600 to the Provincial and Local Sections. In England the Revenue exceeds the Budget Estimate by £93,000, and the Expenditure is less by £297,100, giving an improvement of £390,100 which, added to the improvement in the Imperial Section in India, makes up the increase in the surplus of £3,982,000 shown in the table above.

107. In October last it was foreseen that the surplus of the current year would be considerable, and it was decided to devote a portion of it to Provincial Expenditure in those Provinces where famine and other causes had necessitated the postponement of useful and urgent works. Grants-in-aid of Provincial Revenues have accordingly been made of the following amounts:—

	•	•	R
Bombay	•	•	19,50,000
Madras	•	•	10,00,000
Punjab	•	•	4,00,000
Central Provinces	•	•	6,50,000
TOTAL	•	•	40,00,000

These grants transfer a portion of the general improvement from the Imperial to the Provincial Section of the Accounts, and, but for this measure of policy, the surplus of the year would have been higher than the amount above shown by 40 lakhs of rupees, or £266,666.

The grant is one which will not be repeated in future years, as the Government of India did not propose to incur liabilities against future surpluses. The Local Governments were accordingly required to restrict the expenditure to schemes which could be completed in 1902-1903, and which would not involve any expenditure in later years. They submitted programmes complying with those conditions, and provision has been made in the Provincial Section of the Estimates of 1902-1903 for spending the amounts under the heads detailed in paragraph 234 below.

108. The only decreases in Revenue of any importance are one of ₹9,38,000 under Forest and one of ₹7,39,000 under Tributes. There is a large reduction of ₹11,00,000 in Forest Revenue in Burma: the Revenue realised in 1900-1901 was ₹80,54,444: the Budget Estimate for 1901-1902 was taken at ₹77,00,000: the Revised Estimate is as low as ₹66,00,000. The reduction in Tributes occurs mostly in Bombay: the continuance of famine in the Native States of that Province has necessitated the postponement of the collections of many of the tributes due. The same reason causes a small reduction in the collections of the tributes from Rajputana and Central India States.

109. The remarkable increase in Revenue in India is distributed over nearly all the heads of Revenue. The following are the more important amounts:—

	R
Land Revenue, ordinary	44,90,000
" " due to Irrigation	8,39,000
Opium	46,71,000
Salt	8,82,000
Stamps	22,12,000
Excise	17,91,000
Customs	96,58,000
Assessed Taxes	10,18,000
Interest	4,58,000
Post Office	5,02,000
Telegraph	7,70,000
Mint	77,28,000
Railway Earnings—	R
State (Gross)	2,60,69,000
Guaranteed (Net)	1,10,000
	} 2,61,79,000
Major Irrigation Direct Receipts	5,16,000
Army Receipts	15,87,000

110. As indicated in paragraph 194 of the Financial Statement of last March, the Estimates for Land Revenue were framed with special caution. The collections of Land Revenue including that due to Irrigation are now expected to exceed the Budget Estimate in Bombay by ₹36,32,000, in Burma by ₹11,40,000, in the Central Provinces by ₹6,91,000, in the United Provinces of Agra and Oudh by ₹3,52,000, in Madras by ₹4,55,000, and in the Punjab (including the new North-West Frontier Province) by ₹2,20,000, and to fall short of it in Bengal by ₹5,86,000, in Assam by ₹3,45,000 (due to a special reduction in the assessment in some districts) and the small Provinces directly under the Government of India, chiefly Ajmer, by ₹2,30,000.

111. The average price realised at the sales of Bengal Opium has been ₹1,297 a chest, whereas the Budget assumed a price of ₹1,100 only. The receipts in Bengal consequently exceed the Estimate of last March by ₹94,78,000. On the other hand, the receipts in Bombay are less by ₹48,04,000. The exports of Malwa Opium have fallen off seriously. The cause of this is that the crops of past years, the opium of which was ready for sale this year, were poor: it is also said that the dealers have been holding back their stocks in the hope of higher prices, and in uncertainty, after the experience of recent bad years, as to the extent to which they will be able to replenish their stock from this season's yield.

1901-1902.

Salt Revenue.

112. The receipts of Salt Duty are expected to fall slightly below the Budget Estimate in the Northern India Salt Department, and in Madras, and to exceed it appreciably in Burma, by R1,00,000, and in Bombay, by R2,00,000, and considerably in Bengal, by R7,00,000.

1901-1902.

Stamp Revenue.

113. With the exceptions of Assam and the "India" Provinces where the collections may fall short by a few thousand rupees, the Stamp Revenue has increased in every Province, the largest amounts being—

	R
Bengal	7,00,000
United Provinces of Agra and Oudh	6,50,000
and Bombay	4,50,000

1901-1902.

Excise Revenue.

114. The Budget Estimate anticipated a recovery in Excise Revenue in two Provinces, Bombay and the Central Provinces, where the receipts of the preceding year were abnormally low: that recovery will be more than attained in Bombay, and not quite reached in the Central Provinces. In Bangalore and Assam the receipts will fall appreciably short of the Budget Estimate: in the Punjab (with the Frontier Province) they will slightly exceed it. In the other Provinces there are the usual improvements, the amounts being—

	R
Madras	7,00,000
United Provinces of Agra and Oudh	6,50,000
Burma	3,00,000
Bengal	3,00,000

1901-1902.

Customs Revenue.

115. The increase in the Customs Revenue in 1900-1901 was large, and in fixing the Budget Estimate for 1901-1902 it was not considered prudent to assume that the high level then reached would be fully maintained for another year. There has, however, been very great further improvement. The Revenue this year is now expected to exceed the Budget Estimate by nearly a crore (R96,58,000), and the actuals of 1900-1901 by R69,05,000. All four Maritime Provinces contribute to the increase, the increases over the Budget Estimates being in—

	R
Bombay	66,92,000
Bengal	17,10,000
Madras	7,38,000
Burma	5,00,000

More important than the Province of receipt is the comparison of the duties on the various classes of articles subject to duty. The articles contributing the most important amounts towards the increase are—

	R
Petroleum	10,70,000
Sugar, Countervailing Duties	25,50,000
" Ordinary	7,75,000
Cotton Manufactures	18,58,000
Silver	14,63,000
Manufactured Articles	9,90,000

An appreciable reduction has to be made from the gross revenue on account of refunds of countervailing duties. The bounties in some countries are granted at certain rates, which are subsequently reduced with reference to the maximum payments allowed for bounties, and refunds have to be made accordingly. The Notification No. 1262 of February 28, 1902, regarding Austro-Hungarian sugar, is expected to result in refunds to the extent of R3,00,000.

1901-1902.

Assessed Taxes.

116. The improvement in Income-tax collections is general, except in Assam and the Central Provinces where the Revised Estimates are almost exactly the same as the Budget Estimates; and it is most marked in—

	R
Bengal	5,00,000
Madras	1,25,000
Burma	1,25,000
Bombay	1,10,000

1901-1902.

Interest Receipts.

117. The Budget Estimate provided for a considerable increase in the Interest receipts, as very large loans had been made to Native States, and to

cultivators in the preceding year. Some of the loans were made near the end of the year, and the interest on them was not included in the Estimate. This underestimate amounted to Rs. 2,72,000. For the Hyderabad Loan only 3 lakhs of interest were taken in the Budget Estimate; that is the amount which the Nizam's Government is bound to pay: the remainder of the annual payment towards interest and principal is a charge on the Berar surplus, and owing to the famine, there was no surplus in 1900-1901; but His Highness the Nizam decided to increase his payment above 3 lakhs so as to cover the whole interest payable this year: this resulted in an increase above the Estimate of Rs. 4,72,000.

On the other hand, the continuance of the famine in Bombay reduced the recoveries of interest from Native States and cultivators in that Province by Rs. 2,40,000.

118. The Budget Estimate of the Post Office was reduced by 6 lakhs to provide for the annual loss of revenue involved in a revision of the inland and foreign rates of parcel postage. The revision of the foreign rates, for which one lakh was allowed, was postponed, and the lower rates for inland parcels, for which five lakhs were taken, did not come into force till July 1. The annual development of the Post Office Revenue was so much greater than anticipated, as to more than cover the reduction in parcel receipts for the nine months.

119. The Telegraph receipts having been abnormally high in 1900-1901, the Budget Estimate of this year was taken 8½ lakhs lower than the actuals of that year. The traffic has been brisker than anticipated, and the receipts will not fall far short, if at all, of those of 1900-1901.

120. The larger part of the increase in Mint Receipts does not affect the surplus of the year as it is counterbalanced by the payment to the Gold Reserve Fund.

For that reason, as explained in paragraph 191 of the last Financial Statement, nothing was entered either on the receipt or the charge side of the Budget Estimate on account of coinage operations, though it was known that there would be some coinage in the year. The coinage of the silver purchased by the Government was completed in the first quarter of the year. Since then, no further purchases have been necessary, and although there has been coinage,—for Native States and recoinage of 1840 rupees—there has been no net profit from coinage in the three last quarters of the year. In the first quarter, the net profits amounted to Rs. 62,27,000, or £415,100, as announced in Notification No. 5154 of October 4, 1901, and that is the amount charged under 17.—Mint as the payment to the Gold Reserve Fund. The gross profits in the whole year amount to Rs. 72,71,000 which accounts for the great bulk of the increase in the receipts shown in paragraph 109.

Of the remainder, which, unlike the profit on coinage, does affect the surplus of the year, the fees for dollar coinage, which have been larger than assumed in the Estimate, account for Rs. 1,96,000. In addition, there is a Gain on Copper Coinage of Rs. 3,00,000. In paragraph 191 of the last Financial Statement it was explained that no net issue of copper was expected this year. A demand for copper has, however, sprung up, and the gain mentioned will be realised.

121. In paragraph 164 of the last Financial Statement it was mentioned that, though the whole of the net profits on coinage in 1900-1901 would be charged in the accounts of that year as a payment to the Gold Reserve Fund, only £1,200,000 had been converted into gold for remittance for investment, and that there thus remained a balance of £1,730,000 to be converted into gold for remittance gradually, as funds became available, from surplus receipts. The actual net profits were £101,294 higher than the Estimate of March last, and the balance was consequently increased from £1,730,000 to £1,831,294, which was slightly reduced, to £1,826,283, by charges paid in India in the current year connected with the remittance of the gold to London. Our balances were high in November last, and the whole of the balance was paid in gold into the Gold Reserve Fund towards the end of the calendar year, £1,000,000 in November, and £826,283 in December. The approximate amount of the profits in the first quarter of this year, £400,000, was paid to the Fund in gold during the quarter, and the balance, £15,100, at the beginning of October after the exact profits of the quarter had been ascertained. The total amount of gold in the Fund awaiting remittance was thus £3,441,383.

Of this, the sum of £1,502,290 has been remitted in specie to London, the remittances having been made, £502,224 in April last, £500,066 in July, and £500,000 in January. The remittance of the remaining £1,939,093 will be effected by sales of Council Bills in excess of the Secretary of State's ordinary requirements.

The total balance of the Gold Reserve Fund, after adding dividends of £18,406 received on investments and deducting charges in England of £4,507, is now £3,455,282. The Secretary of State has effected the investment of the whole of this amount.

1901-1902.
Railway Traffic
Earnings.

122. The largest contribution to the improvement in Revenue is made by the Railways. The Railway earnings will exceed the Budget Estimate by over $2\frac{1}{2}$ crores of rupees, of which about one-half represents the net gain, the other half being the increased expenditure required to earn the larger revenue. This large increase is due to the development of both passenger and goods traffic: with a few exceptions (none of the amounts of which are large) all the principal Railways contribute their share: except that some special famine traffic continued on the Bombay Railways, no abnormal cause can be assigned for the improvement: it seems to be the result of ordinary development which may be expected to continue. The Government of India is now reaping a solid pecuniary return from its heavy capital expenditure on the construction of Railways.

1901-1902.
Major Irrigation
Receipts.

123. The increase in Irrigation Receipts occurs mainly in the Punjab, R8,00,000, on the Chenab and Sidhnai canals. There were small increases of R62,000 in Bengal and R45,000 in Madras. On the other hand, in the United Provinces of Agra and Oudh, the irrigated area fell off, and there was a decrease of R3,91,000.

1901-1902.
Army Receipts.

124. The increase in Army Receipts is mainly caused by recoveries from His Majesty's Government of the value of horses and stores sent to South Africa and China, the largest item being on account of the horses taken to Africa by the two Cavalry Regiments recently sent to South Africa.

1901-1902.
Increases of
Expenditure in
India.

	R
Mint	65,13,000
Marine	7,11,000
Reduction or Avoidance of Debt	8,08,000
State Railways, Working Expenses	1,16,11,000
Miscellaneous Railway Expenditure	6,03,000

1901-1902.
Mint Charges.

126. Of the increase in Mint charges all but R2,86,000 represents the payment of the net profits to the Gold Reserve Fund as explained in paragraph 120 above. This sum of R2,86,000 is part of the difference between the gross and the net profit. That difference amounts to R10,44,000, and the rest of it is accounted for by other Mint charges included in the Budget Estimate. In view of the possibility of rupee coinage becoming necessary the Mint establishments have to be maintained on a higher scale than would be the case if dollar, small silver and copper coinage were the only work of the Mints, and these have to be provided for in the estimates; and when rupee coinage occurs their cost is taken against the gross profit in calculating the net profit.

1901-1902.
Marine
Expenditure.

127. The excess in Marine Expenditure in India is caused by the necessity for extensive alterations and repairs to the Royal Indian Marine vessels *Clive*, *Lawrence* and *Mayo*, by purchases of coal for the voyages of the *Hardinge* to England and of the *Dalhousie* to Australia, by larger purchases of stores to replace stock, exhausted in the previous year in fitting transports for expeditions, and by larger expenditure on repairs and coal for His Majesty's ships in Indian Seas, there having been a large number of them in the Persian Gulf.

The increase is partially counterbalanced by an increase of R2,15,000 in the receipts of the Royal Indian Marine.

1901-1902.
Reduction or
Avoidance of Debt.

128. The increase under the head Reduction or Avoidance of Debt is required to bring up the total of the Famine Insurance Grant to the fixed sum of R1,50,00,000. The expenditure on Famine Relief having been less than the Estimate (*see* paragraph 138 below), the entry under this head is increased.

The increase is less than the saving on Famine Relief, because an unanticipated loss is now expected on the Bengal-Nagpur Railway.

129. The increase in the working expenses of Railways, as explained in paragraph 122 above, is required to earn the large increased receipts.

1901-1902.
Railway
Working Expenses.

130. The excess in Miscellaneous Railway Expenditure is due mainly to the adjustment of the cost, ₹5,65,000, of certain surveys made by the East Indian Railway Company and charged by it to the Revenue Suspense head of the Railway. The Burma Government also incurred greater expenditure of ₹81,000 from Provincial Revenues on the survey for a Railway in the Southern Shan States: and ₹40,000 not provided in the Budget Estimate were spent on land for the Shoranur-Cochin Railway.

1901-1902.
Miscellaneous
Railway
Expenditure.

131. The following are the more important decreases in Expenditure in India:—

	R
3.—Land Revenue	11,61,000
Opium	24,42,000
Forest	8,14,000
Interest on Debt	19,79,000
Police	14,32,000
Education	7,42,000
Medical	16,03,000
Political	15,79,000
Scientific and Minor Departments	7,37,000
33.—Famine Relief	17,71,000
Subsidized Railways, Land, etc.	5,06,000
45.—Civil Works	51,14,000
45 A.—Construction of Provincial and Local Railways	14,70,000
Army	88,67,000

1901-1902.
Decreases of
Expenditure in
India.

132. The decreases shown against Land Revenue, Police, Education, and Medical are distributed among all the Provinces except the Punjab and the new Frontier Province taken together: there the creation of the new Province has led to increased expenditure under several heads. The savings may be ascribed generally to the tendency of Local Governments to make fuller provision in the Budget Estimates for payment of salaries and other charges than is actually required, and to make provision for new schemes before they are fully ready to receive sanction. A striking example of the last of these causes occurs under Police in Burma. The Budget Estimate made provision for the entertainment of eight new companies of Military Police to take the place of regular troops in the Southern Shan States: the scheme has not yet been sanctioned being still under discussion with the Military and Political authorities; and there is a saving of ₹8,28,000 in Burma out of a total saving in all India of ₹14,32,000 under Police.

1901-1902.
Expenditure on
Land Revenue,
Police, Education,
and Medical.

133. The yield of the opium crop this year was below the average, for which, as usual, the Budget made provision.

1901-1902.
Opium
Expenditure.

134. More than half, ₹4,30,000, of the saving in Forest Expenditure occurs in Burma where the receipts have fallen greatly. All the other Provinces will also spend less than the Budget Estimates, for the reason indicated with reference to Land Revenue and other heads in paragraph 132 above.

1901-1902.
Forest Expenditure.

135. The saving in Interest Charges is due to the reduction of the rupee loan of the year from two crores to one, and to the price at which the loan was issued.

1901-1902.
Interest Charges.

136. The Budget Estimate provided 15 lakhs for arrears of the Amir of Afghanistan's subsidy. His Highness, however, has this year only drawn a full year's subsidy and has not reduced the amount of the arrears. Hence the decrease under Political Expenditure.

1901-1902.
Political
Expenditure.

137. The Census charges are expected to be less than the Budget Estimate by ₹3,57,000. There are also, under the head Scientific and Minor Departments, savings in most Provinces of the same nature as those described in paragraph 132 above, regarding Land Revenue and other heads.

1901-1902.
Scientific and
Minor
Departments.

138. The Expenditure on Famine Relief in Bombay will be less than the high Budget Estimate by ₹19,84,000. There has been some expenditure in the Punjab, Madras, and Ajmere which somewhat reduces that saving.

1901-1902.
Famine Relief.

139. The saving in the expenditure on land for Subsidized Railways is caused by projects not being ready as soon as expected and by the progress in the acquisition of land being slower.

1901-1902.
Subsidized
Railways—Land,
etc.

1901-1902.
Civil Works
Expenditure.

140. Of the total saving of ₹51,14,000 under 45.—Civil Works, ₹1,86,000 occur in the Imperial Section and ₹49,28,000 in the Provincial-Local Section of the Accounts. The latter is distributed over all the Provinces, except Assam. The largest decreases are in Bengal ₹12,14,000, the United Provinces of Agra and Oudh ₹8,66,000, Madras ₹8,49,000, Burma ₹9,29,000 and Bombay ₹4,43,000: the Local Governments have spent less than they intended.

1901-1902.
Construction of
Local Railways.

141. The reduction under Construction of Local Railways is partly due to the progress in the construction of the extension of the Mayaveram-Mutupet Railway having been slower than anticipated. But the great bulk of the reduction is the result of the adjustment made to effect the sale to the Tanjore Board of the Government share in the Railway. The Railway was constructed partly from Government funds and partly from the funds of the Local Board. In order to facilitate the raising of a loan by the Board for the construction of the extension of the Railway, it was decided to vest the property in the whole of the Railway in the Local Board, and the price payable by it to the Government for the Government share was fixed at ₹12,35,000. This sum has been shown in the Imperial column as a deduction from the expenditure.

1901-1902.
Army
Expenditure.

142. The continued absence of Indian troops in South Africa and China is the cause of the large saving in Army Expenditure in India. The savings on this account are estimated at ₹1,11,50,000. There was a saving of ₹9,00,000 in connection with the issue of stores to the absent troops and their replacement, one of ₹5,00,000 connected with stores for the Colonies and the Regiments recently raised for the Colonies, and one of ₹75,000 owing to the absence of troops in Jubaland. There were lapses from the amounts provided for new expenditure of ₹17,30,000. There were savings in the provisions for ordinary expenditure amounting to ₹38,77,000. And there were transfers to the Home Accounts or to other heads of ₹13,06,000.

The total reduction in the expenditure charged to the head Army in the Indian Accounts thus amounts to ₹1,95,38,000.

Against these large reductions additional expenditure has been incurred, amounting to ₹1,08,56,000, the most important of them being ₹60,86,000 for bounties to British soldiers for extension of service in India (half of this is recoverable from His Majesty's Government in England), ₹18,06,000 for new expenditure sanctioned from China and South Africa savings, ₹15,89,000 for special services chiefly on account of the blockade of the Mahsud Waziris, and ₹4,86,000 for the hire of sea transports.

1901-1902.
Revenue in
England.

143. The Revenue in England is expected to exceed the Budget Estimate by £93,000. The interest receipts are higher by £65,000, owing to the usual causes: £6,400 are to be recovered from His Majesty's Government for expenses incurred in purchasing stores for the China Force: £3,000 have been received from the Indian Midland Railway as the Secretary of State's share of surplus profits; the Telegraph receipts have been higher by £4,300; and the recoveries of the value of articles in possession of regiments transferred from the Indian to the British establishment have increased by about £7,000.

1901-1902.
Expenditure in
England.

144. The Expenditure in England is less by £297,100. The interest charges are decreased by £14,200: the discharge without replacement of £1,000,000 India Bills caused a saving of £43,800: the provision of £10,000 for interest on temporary loans was not required: on the other hand, there was a discount of £37,500 on the £2,009,500 India Stock issued in the year. The payments of interest on capital deposited by Railway Companies were less by £38,600 as the capital was raised later than anticipated. The payments to the War Office in respect of British forces serving in India are reduced by £294,400, owing to the deduction from the payment of half the cost of the bounty to British soldiers extending their service in India, and to the reduction due to the absence of troops in South Africa. The absence of the troops also causes a saving in the furlough allowance and pay during voyage of British troops of £20,000. The furlough allowances of Indian Service officers are also less by £15,000. There is a saving of £65,000 in the cost of the trooping service. The payments to the War Office for retired pay of British troops are less by £45,400, and the pensions of Indian officers by £10,000.

On the other hand, the payments for Army Stores are higher by £38,100, the increase occurring chiefly in Ordnance Stores: the payments to the Indo-European Telegraph Company have increased by £57,300: the expenditure on

Marine Stores are higher by £11,200, on Stationery and Printing Stores by £36,900, and on Military Works Stores by £18,200; and there have been increases under other heads.

Section III.—The Budget Estimate of 1902-1903.

145. The following is a general comparison of the Budget Estimate of 1902-1903 with that of 1901-1902:—

*1902-1903.
Statement of the
gross figures.*

	1901-1902.	1902-1903.	1902-1903, better.	1902-1903, worse.
REVENUE.				
	£	£	£	£
India	71,795,300	73,855,400	2,060,100	...
England	396,600	515,000	118,400	...
TOTAL	72,191,900	74,370,400	2,178,500	...
EXPENDITURE.				
India—				
Imperial, Provincial, and Local	53,539,700	56,506,300	...	2,966,600
Adjustment of Provincial and Local Surplus or Deficit	—182,600	—1,368,100	1,185,500	...
NET	53,357,100	55,138,200	...	1,781,100
England	18,143,900	18,394,500	...	250,600
TOTAL	71,501,000	73,532,700	...	2,031,700
SURPLUS	690,900	837,700	146,800	...

146. The remarkable and widespread development of Revenue in the current year, coupled with the fact that it will not be necessary to repeat the grants to Provincial Revenues of 164½ lakhs mentioned in paragraphs 188 and 266 of the last Financial Statement, made it evident to the Government of India some time ago that there would be a large surplus next year. And the Government accordingly considered proposals for the disposal of the surplus. In view of the exceptional conditions through which the country has been passing, which have greatly retarded administrative progress, and in view of the predominant claim to consideration of the agricultural interest, the final decision was that a sum approaching 2½ crores of rupees should be devoted to writing off arrears of Land Revenue due to the recent famines, and to increasing expenditure on useful and urgent objects, a surplus of between one and one-and-a-half crores being retained. The measures sanctioned were as follow:—

*1902-1903.
General Remarks.*

- (a) The final remission of famine arrears of Land Revenue aggregating ₹1,98,23,000. These suspensions of Land Revenue, if it had been determined to collect them, or rather such part of them as would not have proved finally irrecoverable in any case, would have been collected gradually in the course of the next three or four years. The remission involves the reduction of the Estimate for Land Revenue in 1902-1903 by ₹71,84,000, of which the Imperial share is ₹50,94,000. The Imperial Revenues will also compensate Provincial Revenues for the loss of Revenue caused by this measure of policy not only in 1902-1903, but also in subsequent years: the Provincial share of the total of ₹1,98,23,000 is ₹59,81,000, and the Budget Estimates include grants of that amount to Provincial Revenues. The whole cost of the remission to Imperial Revenues in 1902-1903 is accordingly ₹1,10,75,000.
- (b) The abolition of the Pandhri Tax in the Central Provinces, costing ₹70,000 a year.

- (c) The reduction of the Patwari Rate in Ajmere, from 10 per cent on Land Revenue to $6\frac{1}{2}$ per cent: the amount of the "Local" revenue remitted is ₹13,000, but the contribution paid from Imperial Revenues to the Local Fund is ₹23,000.
- (d) A grant of 25 lakhs for Minor Irrigation Works.
- (e) Grants to Local Governments of 40 lakhs for expenditure on Education.
- (f) Grants to Local Governments of 32 lakhs for expenditure on Public Works.
- (g) Grants to Local Governments of 18 lakhs for expenditure on schemes for the revision of Revenue Establishments, Provincial Service cadres, and other establishments, and on Medical objects.

The total cost of these measures is ₹2,26,68,000, or £1,511,200, and, had they not been adopted, the surplus of £837,700 shown in the table above would have been increased by that amount.

147. The revision of the Provincial Settlement with Burma from April next has resulted in the reduction by 42 lakhs of the assignment to the Provincial Revenues required to enable them to meet the charges under the Provincial heads. This has increased the surplus of 1902-1903.

148. It may be mentioned here that the expenditure from the grants aggregating 40 lakhs mentioned in paragraph 107 above, as being made from the surplus of 1901-1902 appears (with the exception of ₹93,000 which is being spent in the current year in the Central Provinces) in the Provincial column of the Estimates for 1902-1903 as well as the expenditure against the grants mentioned in paragraph 146 (e), (f), and (g).

149. In India an increase in total Revenue of £2,060,100 and an increase of £2,966,600 in total Expenditure are estimated: the net deterioration of £906,500 is divided thus, after the transfer from Imperial to Provincial of the grants to Local Governments mentioned in paragraph 146 above: in the Imperial Section there is an improvement of £279,000; and in the Provincial-Local Section there is a deterioration of £1,185,500. The Revenues in England are estimated to exceed the Budget Estimate of 1901-1902 by £118,400, and the Expenditure in England to exceed by £250,600, being an increase in net Sterling Expenditure of £132,200. The net improvement in the Imperial Section of the Estimates is therefore £146,800, and the surplus is £837,700 as against the surplus of the Budget Estimate of 1901-1902 of £690,900.

150. The following are the only important decreases in Revenue in India:—

1902-1903.
Decreases of
Revenue in
India.

	R
Land Revenue—Ordinary, less, ₹57,07,000	} 44,56,000
" Due to Irrigation, more, ₹12,51,000	
Opium	47,05,000
Tributes	5,08,000

1902-1903.
Land Revenue.

151. The decline in the Land Revenue is the consequence of the decision regarding the remission of famine arrears mentioned in paragraph 146 (a) above. The following table gives the particulars of the remissions in each Province:—

PROVINCE.	Gross Remission.	Consequent reduction in the collections in 1902-1903.	Imperial share of the amount in column 3.	Compensation to Provincial Revenues for the loss on the remission of the amount in column 2.
	2	3	4	5
	R	R	R	R
Central Provinces	20,00,000	10,14,000	5,07,000	10,00,000
United Provinces of Agra and Oudh	6,38,000	4,00,000	3,00,000	1,59,000
Punjab	39,30,000	2,70,000	1,62,000	15,72,000
Bombay	1,30,00,000	55,00,000	41,25,000	32,50,000
Ajmer	2,55,000	Nil.	...	...
TOTAL	1,98,23,000	71,84,000	50,94,000	59,81,000

152. Owing to the continuance of scarcity, the collections of Land Revenue will be very low in Ajmer; and the estimate for all the Provinces directly under the Government of India, including Ajmer, is only R12,81,000, as compared with the estimate of R16,59,000 for 1901-1902.

In the Central Provinces the Estimate, as a consequence of the special remission above described, is lower than that for 1901-1902 by R1,33,000.

In Burma a large but certain increase of R13,06,000 is taken.

In Assam the Estimate is less than that of this year by R1,18,000, in consequence of the reduction in assessment mentioned in paragraph 110 above.

In Bengal the Estimate is less by R5,72,000 than that for 1901-1902, which was placed too high.

The Estimate for the United Provinces of Agra and Oudh is less by R2,89,000 than that for this year. This is nearly equivalent to the excess collections this year, as these diminish the arrears to be collected next year. This Estimate takes into account not only the special remission above described, but also a reduction of about 3½ lakhs in the assessment in Bundelkhand.

For the Punjab and the Frontier Province combined, a decrease of R26,79,000 is estimated. The remission of famine arrears involves a reduction of only R2,70,000; but the Estimate for 1901-1902 included arrear collections, and the prevailing scarcity has led the Punjab Government to place the Estimate for next year very low.

In Madras an increase of R5,72,000 is estimated.

In Bombay the decrease is R21,65,000. This is caused by the special remission.

153. The falling-off in Opium Revenue occurs in Bombay,—see paragraph 111 above. Though some recovery in the Malwa exports may occur, it is not sufficiently likely to justify our estimating for it. 1902-1903.
Opium Receipts.

154. The decrease in Tributes occurs mainly in Bombay, the continuance of famine in the Native States of that Province renders it impossible to expect the payment of their tribute in full. The same reasons cause a decrease in the estimate of collections from the Native States of Rajputana and Central India. 1902-1903.
Tributes.

155. The following are the important increases in Revenue in India:—

	R	<u>1902-1903.</u> <u>Increases in</u> <u>Revenue in India.</u>
Salt	5,32,000	
Stamps	19,62,000	
Excise	22,98,000	
Customs	61,79,000	
Assessed Taxes	9,08,000	
Forest	5,39,000	
Interest	9,28,000	
Post Office	5,82,000	
Mint	5,06,000	
Railway Earnings—		
State (Gross)	2,26,19,000	
Guaranteed (Net)	1,25,000	
}	2,27,44,000	
Irrigation, Major Works	22,81,000	

156. The Salt Revenue is taken at what is believed, with reference to the probable result of this year, to be a fair estimate of the Revenue next year. 1902-1903.
Salt Revenue

157. The increases in the Revenue under Stamps, Excise, and Assessed Taxes are fully justified by the results of the present year. The Revenue under these heads usually increases from year to year, but an increase in any particular year is not certain under any of them, and our ordinary practice is, in the absence of any special reason to the contrary, to take for the Budget Estimate approximately the amount which is expected in the year closing when the estimates are prepared. The estimates for Stamps and for Assessed Taxes are slightly lower than the Revised Estimate of 1901-1902: the decrease under Stamps occurs in the United Provinces of Agra and Oudh where impending legislation is believed to have increased the receipts specially this year; and that under Assessed Taxes occurs in Bombay, the Central Provinces, and the Punjab, being the expected result of the recent famines. Under Excise an increase of R5,07,000 over the Revised Estimate is taken: the Excise Revenue in Bombay 1902-1903.
Stamps, Excise,
Assessed Taxes.

fell a few years ago, but a recovery has now set in, and it is assumed that the recovery will continue next year.

1902-1903.
Customs Revenue.

158. As explained in paragraph 115 above, there has been an extraordinarily large increase in Customs Revenue in the present year. Though the Budget Estimate for 1902-1903 is R61,79,000 above the Budget Estimate for 1901-1902, it is only 34½ lakhs higher than the Actuals of 1900-1901, and it is R34,79,000 below the Revised Estimate of this year. It is not considered safe to assume the continuance of the very high level of the present year. The following are the main reductions below the Revised Estimate of 1901-1902:—

	R
Petroleum	5,00,000
Sugar, Countervailing Duties	13,57,000
Cotton Manufactures	5,94,000
Silver	6,13,000

1902-1903.
Forest Revenue.

159. The Forest Revenue shows an increase as usual: the amount is somewhat smaller than the normal, as there has been a check in the progress, hitherto very rapid, of the Revenue in Burma. In that Province the Forest Revenue in 1901-1902 is now expected to be lower than the Budget Estimate by 11 lakhs: next year an increase of 8 lakhs is taken in the Estimate, which leaves the Revenue 3 lakhs less than the Budget Estimate for 1901-1902. All the other Provinces contribute to the increase.

1902-1903.
Interest Receipts.

160. The large loans to Native States and to cultivators in recent years account for the increase in Interest Receipts.

1902-1903.
Post Office Revenue.

161. The increase in Post Office Receipts represents the normal progress of the Department. The Estimate takes into account a reduction of R2,50,000 in money order fees caused by the introduction from the 1st of next month of a lower rate of commission for money orders of R5 or less.

1902-1903.
Mint Receipts.

162. In 1901-1902 no net issue of copper was expected, but, as stated in paragraph 120 above, the issues have exceeded the receipts; it is expected that the issues will continue next year; and the Budget Estimate assumes a gain on copper coinage of R5,00,000.

1902-1903.
Railway Earnings.

163. The estimate for net Railway earnings is taken about 30 lakhs lower than the probable net earnings in the current year. The improvement which has occurred this year, though it cannot be ascribed to any abnormal causes; has been specially large in amount. A considerable part of it occurs on the North-Western Railway, the earnings of which fluctuate very largely: the net earnings of that Railway were R1,33,67,000 in 1900-1901, they are expected to be R2,15,00,000 in 1901-1902: it is not considered safe to anticipate higher net earnings on that Railway than R1,75,00,000 in 1902-1903. For other Railways a very small net improvement over the results of the present year is assumed, although the normal increase in traffic and the opening of new lines might justify a more sanguine estimate.

1902-1903.
Major Irrigation Direct Receipts.

164. All the Provinces contribute to the increase in Major Irrigation Receipts, the substantial amounts being R14,45,000 in the Punjab (with the new Frontier Province), and R6,27,000 in the United Provinces of Agra and Oudh. The rains having been scanty this cold weather, the area irrigated from the canals will be large. A part, R2,20,000, of the increase in the Punjab, however, is due to the classification of the Upper Sutlej Inundation canals as a Productive Public Work, and the consequent transfer of their receipts to this head from XXX.—Minor Irrigation Works. The Revenue under the latter head shows a falling-off of R3,79,000.

1902-1903.
Decreases in Expenditure in India.

165. The decreases in Expenditure in India in 1902-1903 are few. The following are the only important ones:—

	R
Interest on Debt	33,54,000
Scientific Departments	4,56,000
Famine Relief	37,63,000

1902-1903.
Interest Charges.

166. The Interest on Ordinary Debt is reduced by R24,19,000, the amount transferred to Railway and Irrigation Debt: see paragraph 183 below. The temporary loan from Gwalior has been repaid, which gives a saving in interest of R1,46,000. The annual payment of 12 lakhs towards the principal of the Gwalior loan of 1887 gives a saving of R48,000. The remainder of the reduction

is in the interest on expired loans and in the provision for interest and discount on new loans.

167. The decrease under Scientific and Minor Departments is due to the practical completion of the Census. The provision in 1901-1902 was Rs 18,10,000; only Rs 1,89,000 will be required in 1902-1903; a reduction of Rs 16,21,000. On the other hand, a provision of Rs 3,06,000 has been made in next year's Estimate for a new edition of the *Gazetteer of India*: the sum of Rs 3,00,000 has been entered for an Art Exhibition at Delhi to be held at the time of the Durbar: a new grant of Rs 1,00,000 for Archæology has been sanctioned; the cost of the new Imperial Library is Rs 34,000: a provision of Rs 90,000 for a Central Bacteriological Laboratory has been entered; and other increases have been allowed by the Government of India and Local Governments.

168. In 1901-1902 Bombay provided nearly a crore for Famine Relief: for 1902-1903 it proposes only Rs 48,00,000. The Punjab provides Rs 13,60,000 for next year, and Ajmere Rs 1,88,000.

169. The following are the important increases in Expenditure in India in 1902-1903:—

	R
3.—Land Revenue	18,61,000
Forest	9,47,000
Post Office	9,27,000
Telegraph	6,33,000
Mint	8,03,000
General Administration	5,08,000
Law and Justice, Courts	17,89,000
" " Jails	6,77,000
Police	7,67,000
Education	46,51,000
Medical	7,60,000
Political	14,13,000
Reduction or Avoidance of Debt	33,62,000
Railways, Working Expenses	1,11,95,000
Interest on Railway Debt	17,83,000
" Chargeable against Railway Companies	24,19,000
" on Advances	3,29,000
" on Irrigation Debt	3,07,000
Land, etc., for Subsidized Railways	8,81,000
Major Irrigation Works	6,24,000
Minor Irrigation Works	23,12,000
Military Works	14,67,000
Civil Works	42,67,000
Construction of Local Railways	6,66,000
Army	72,77,000

170. The increase in Land Revenue Expenditure is distributed over all the Provinces. Over 7 lakhs of it is caused by the provision for spending the special grant of 18 lakhs for Provincial expenditure mentioned in paragraph 146 (g) above. The creation of the new Frontier Province causes some of the increase. Survey and Settlement Expenditure is specially high in the Punjab, in the new Frontier Province, in the United Provinces of Agra and Oudh, and in Bengal. And most Local Governments have provided for schemes of administrative improvement.

171. Except Bombay and Assam, all the Provinces contribute to the increase under Forest. This year the increase in expenditure is greater than in Revenue.

172. Increase in Post Office and Telegraph Expenditure is necessary to ensure the progress which is expected from the departments.

173. The increase in Mint Expenditure is caused by the decision to recoin the rupees of 1840. There are two issues bearing this date, the first having been coined between 1840 and 1849, and the second between 1849 and 1852. These coins have naturally lost in weight during their long life, and the Government of India wish to remove from circulation coins which are nearing the limit of light weight and some of which have passed that limit. In July last, orders were issued to the Currency Offices, Treasuries, and the Presidency Banks which have charge of the Government balances, not to re-issue any coins

of the first issue of 1840, while continuing to accept them from the public, in the same way as coins of later years, at full nominal value, whatever the loss of weight due to fair wear and tear may have been; and they were instructed to remit them at convenient intervals to the Mints for recoinage. The remittances to the Mints having been considerably less than expected, and it being desirable to seize for the work of recoinage the opportunity when the Mints have no new coinage to do, those orders were in January extended to the second issue of the 1840 rupees also. The amount of the first issue now in circulation is estimated at 5 or 6 crores, and of the second issue at 15 or 16 crores. It is necessary to provide for the loss on recoinage of the receipts of 1840 rupees expected at the Mints in 1902-1903.

1902-1903.
Expenditure on
General
Administration.

174. The increase under General Administration is distributed over all the Provinces, except the Central Provinces, the largest individual item being caused by the creation of the North-West Frontier Province.

1902-1903.
Expenditure on
Courts of Law.

175. The increase under Courts of Law is spread over all the Provinces, being greatest in Burma. The creation of the new Frontier Province causes a portion of the increase. Of the total of nearly 18 lakhs, the sum of 5 lakhs represents the expenditure against the special grant of 18 lakhs for Provincial expenditure mentioned in paragraph 146 (g) above.

1902-1903
Jail
Expenditure.

176. The creation of the new Frontier Province causes a part of the increase under Jails, but much the largest portion of the increase occurs in Bengal, where the Local Government propose to increase the expenditure on manufactures in Jails by over 4 lakhs. The expenditure in the Andamans is also increased by Rs 8,000, and there are smaller increases in the United Provinces of Agra and Oudh and in Madras.

1902-1903.
Police
Expenditure.

177. The creation of the new Frontier Province causes a portion of the increase in Police Expenditure. The re-arming of the Military Police causes an increase in Assam. Bengal provides for a scheme of improvement in the Police administration. Burma repeats a portion of the provision for new Military Police which was made, but not utilized, in 1901-1902.

1902-1903.
Education
Expenditure.

178. The greater part of the large increase in Education Expenditure is for the utilization of the special grant of 40 lakhs mentioned in paragraph 146 (e) above. The distribution of this grant was as follows:—

	R
Central Provinces	2,00,000
Burma	4,00,000
Assam	1,00,000
Bengal	10,00,000
United Provinces of Agra and Oudh	5,00,000
Punjab	4,00,000
Madras	8,00,000
Bombay	6,00,000
TOTAL	40,00,000

Of the grant of 40 lakhs from the surplus of 1901-1902—paragraph 107 above,—the sum of Rs 3,40,000 has been allotted to this head.

Provision has also been made for the new Inspector General of Education whose appointment has been sanctioned.

1902-1903.
Medical
Expenditure.

179. The increase under Medical is for the most part caused by the provision under this head of Rs 4,11,000 towards the utilization of the special grant of 18 lakhs for Provincial Expenditure mentioned in paragraph 146 (g) above. The Punjab Government has increased its provision for plague preventive measures by Rs 3,04,000.

1902-1903.
Political
Expenditure.

180. The cause of the increase in Political Expenditure is the provision for the cost of the Delhi Durbar to be held on the 1st of January 1903. The total entry on this account is Rs 35,00,000, Rs 26,50,000 being under this head, and Rs 8,50,000 under Army. (A provision of Rs 4,00,000 is also made for an Art Exhibition at Delhi in connection with the Durbar, of which Rs 3,00,000 are provided under 26.—Scientific Departments and Rs 1,00,000 under 45.—Civil Works.) A new provision of Rs 99,000 is made for the Imperial Cadet Corps. On the other hand, the special addition of 15 lakhs, made in the Estimate of 1901-1902 for arrears of the Amir of Afghanistan's subsidy, is not repeated.

181. The increase under Reduction or Avoidance of Debt is required in consequence of the reduction under Famine Relief, in order to maintain the Famine Insurance Grant at the full amount of ₹1,50,00,000.

1902-1903.
Reduction or
Avoidance of
Debt.

182. The increase in the Working Expenses of Railways is required to cause the increased Revenue.

1902-1903.
Railway Working
Expenses.

183. The increase in the Railway and Irrigation Interest Charges is the interest on the new Capital Expenditure.

1902-1903.
Interest on
Railway and
Irrigation Debt.

184. The estimate for the cost of land of Subsidized Companies includes the following provisions:—

	R
Land for the Iaksam-Noakhali Railway	2,29,000
" " Bengal and North-Western Railway and extensions	6,47,000
" " Kalka-Simla Railway	2,50,000
" " Shahdara-Saharanpore Tramway	1,40,000

1902-1903.
Subsidised
Railways—Land,
etc.

The corresponding amounts in the Budget Estimate of 1901-1902 were much smaller.

185. The increase in the Working Expenses of Major Irrigation Works represents the working and maintenance of the new canals constructed during the year, and the transfer from Minor Irrigation of the expenses of the Upper Sutlej Inundation canals,—see paragraph 164 above.

1902-1903.
Major Irrigation
Expenditure.

186. The increase in the Minor Irrigation Expenditure is mainly due to the special grant of 25 lakhs mentioned in paragraph 146 (d) above. The Provincial Expenditure in Madras is also increased by ₹5,56,000 from the special grant of 40 lakhs mentioned in paragraph 107 above. On the other hand, Burma shows a reduction of ₹7,03,000.

1902-1903.
Minor Irrigation
Expenditure.

187. The increase under Military Works is the portion chargeable to this head of the cost of the measures sanctioned for improving the efficiency of the Army.

1902-1903.
Military Works
Expenditure.

188. The Imperial Civil Works Expenditure shows an increase of ₹7,43,000, due to the construction of houses and offices at the head-quarters of the North-West Frontier Province and the transfer to Imperial from the Punjab, Provincial, of the Public Works of the transferred districts.

1902-1903.
Civil Works
Expenditure.

The increase in Provincial Civil Works is ₹26,75,000. This is due to the Provincial provision made for spending the grants mentioned in paragraph 107 and paragraph 146 (f): that amounts to ₹52,91,000: the increase is less, because the Estimates of this year included provision for spending part of the special grants mentioned in paragraph 266 of the last Financial Statement.

The increase in Local Civil Works Expenditure is ₹8,49,000.

All Provinces, except Burma, Bengal, and Assam, estimate for increased expenditure on Civil Works.

189. The Tanjore Board having failed to raise the balance of their loan required to pay the price of the Government share in the Mayaṅgeram-Mutupet Railway and to meet the expenditure on the extension now under construction, the Government of India has consented to treat the price as a loan, and the expenditure on the extension will be all charged to this head instead of partly to the loan. Of the Expenditure this year the sum of ₹3,72,000 was charged to the loan raised in 1900-1901. The total expenditure on the extension will also be greater next year.

1902-1903.
Construction of
Local Railways.

190. As stated in paragraph 221 of the Financial Statement of last March, the Government of India provided in the Estimate for this year 160 lakhs for new expenditure for increasing the efficiency of the Army. Next year a provision of 150 lakhs has been made for similar expenditure; but this does not all represent an increase over the Budget Estimate of 1901-1902, as a large part of the expenditure in the present year is non-recurring: the net increase from this cause under Army and Military Works in India and England is about 50 lakhs. A portion of the net increase of 50 lakhs occurs under Military Works, and a small part in the sterling Army Expenditure. Of the increase shown opposite Army in paragraph 169, ₹33,90,000 is caused by the recently sanctioned increase to the pay of British Troops: ₹13,75,000 is for the Coronation and the Delhi Durbar; and the remainder represents the portion of the increase caused by the new expenditure of 150 lakhs which is incurred in India under the head Army.

1902-1903.
Army
Expenditure.

1902-1903.
Revenue in
England.

191. The Estimate of Sterling Revenue exceeds the Budget Estimate of 1901-1902 by £118,400. The recoveries of the value of articles in possession of Regiments on their transfer from the Indian to the British Establishment are higher by £93,300: the interest receipts are taken £20,000 above the Estimate for 1901-1902; and the subscriptions towards Military Service Family Pensions are increased by £5,500, the rates having been increased by 20 per cent.

1902-1903.
Expenditure in
England.

192. The Sterling Expenditure exceeds the Estimate for 1901-1902 by £250,600. The Interest Charges are higher by £19,100 to meet the interest for a whole year on the £2,000,000 India Stock issued this year, of which, however, £1,000,000 replaced India Bills. Telegraph payments, including stores, are increased by £29,400. £28,000 are provided under Political for the reception of Indian Chiefs attending His Majesty's Coronation, and £20,000 for expenses in connection with the visit of Indian Native Troops on that occasion. The payments of civil furlough allowances and pensions are expected to increase by £30,000. The Interest Charges on Capital deposited by Railway Companies and of Guaranteed Railway Companies are higher by £107,500, owing to further capital receipts and the renewal of debentures at higher rates of interest. The provision for Military and Military Works Stores is increased by £34,300, and for other Civil Stores by £29,200, while that for Marine Stores is less by £40,200.

There is a decrease of £30,000 in Military pensions, and there are smaller decreases under some other heads.

Section IV.—Statements comparing the figures of the Estimates under the more important heads of Revenue and Expenditure with those of past years.

LAND REVENUE.

	Accounts, 1898-99.	Accounts, 1899-1900.	Accounts, 1900-1901.	1901-1902.		1902-1903. Budget.
				Budget.	Revised.	
REVENUE (including that due to Irriga- tion)—	₹	₹	₹	₹	₹	₹
India General	14,89,725	11,23,642	12,84,784	16,59,000	14,29,000	12,81,000
Central Provinces	87,39,162	57,60,649	47,00,227	80,67,000	87,58,000	79,34,000
Barma	2,80,72,302	2,97,00,093	3,19,95,535	3,19,10,000	3,30,50,000	3,32,16,000
Assam	62,84,108	62,80,533	62,14,697	64,75,000	61,30,000	63,57,000
Bengal	4,04,47,854	4,12,01,234	4,08,24,103	4,12,6,000	4,07,00,000	4,07,14,000
United Provinces of Agra and Oudh	6,75,46,330	6,58,10,585	6,53,18,314	6,44,67,000	6,48,19,000	6,41,78,000
Punjab	2,63,20,213	2,28,53,763	2,43,74,961	2,80,10,000	2,73,14,000	2,35,04,000
N-W. Frontier Province	—	—	—	—	9,16,000	18,27,000
Madras	5,75,23,953	5,47,47,204	5,82,68,478	5,89,14,000	5,93,69,000	5,94,86,000
Bombay	4,82,57,124	4,05,91,344	4,08,00,606	4,31,04,000	4,67,36,000	4,69,39,000
TOTAL	28,46,80,711	26,81,28,447	27,37,81,705	28,38,92,000	28,92,21,000	27,94,36,000
Shown under XXIX. —Irrigation	1,00,87,584	1,00,52,606	1,12,36,246	1,13,33,000	1,21,72,000	1,25,84,000
Shown under I.— Land Revenue	27,45,93,127	25,80,75,841	26,25,45,459	27,25,59,000	27,70,49,000	26,68,52,000
EXPENDITURE—						
India—						
District Adminis- tration	1,87,44,040	1,92,02,199	1,97,31,766	1,99,42,000	1,96,54,000	2,08,89,000
Other Charges	2,17,82,693	2,20,19,206	2,24,99,534	2,41,64,000	2,32,91,000	2,50,78,000
TOTAL	4,05,26,733	4,12,21,405	4,22,31,350	4,41,06,000	4,29,45,000	4,59,67,000
England— Other Charges	£ 1,255	£ 645	£ 176	£ 600	£ 700	£ 1,000.

193. These figures have been sufficiently explained in paragraphs 110, 132, 146, 151, 152, and 170.

OPIUM.

	Accounts, 1898-99.	Accounts, 1899-1900.	Accounts, 1900-1901.	1901-1902.		1902-1903, Budget.
				Budget.	Revised.	
INDIA.						
Revenue—	R	R	R	R	R	R
Bengal—Sale of Opium	4,16,39,180	5,09,14,354	6,16,38,731	5,28,00,000	6,22,53,000	5,28,00,000
Bombay—Pass Fees	1,32,39,500	1,27,46,250	1,25,26,750	1,30,00,000	82,00,000	82,00,000
Excise Opium and other Revenue	23,25,620	23,69,127	23,68,152	23,40,000	23,58,000	24,35,000
TOTAL	5,72,53,300	6,60,29,731	7,65,33,633	6,81,40,000	7,28,11,000	6,34,35,000
Expenditure—						
Payments to Cultivators, including purchase of Opium	2,14,33,650	2,35,16,902	2,42,81,523	2,40,00,000	2,17,51,000	2,40,00,000
Other Charges	22,76,040	23,60,322	24,80,036	25,38,000	23,45,000	25,39,000
TOTAL	2,37,09,690	2,58,77,224	2,67,61,559	2,65,38,000	2,40,96,000	2,65,39,000
ENGLAND.						
Other Charges	£ 1,545	£ 2,006	£ 1,771	£ 2,600	£ 2,000	£ 4,000
Statistics—						
Bengal—						
Chests sold	39,450	41,700	45,300	48,000	48,000	48,000
Average Price	₹1,055	₹1,221	₹1,361	₹1,100	₹1,297	₹1,100
Chests produced	44,075	51,719	52,443	...	44,437	...
Chests in Balance, March 31	40,696	50,715	57,845	...	54,302	...
Reserve, December 31	6,830	10,096	17,406	21,246	21,846	18,303
Bombay—						
Chests passed for export	24,000	25,492½	25,053½	26,000	16,400	16,400
Rate of duty	₹500	₹500	₹500	₹500	₹500	₹500

194. For the purposes of the Estimates it is assumed that the quantity of Bengal Opium to be sold next year and the average price will be the same as estimated for this year. The difference between this year's price, ₹1,297 a chest and ₹1,100, allows a reasonable margin of safety. The payments for Bengal Opium are also, as usual, taken at the amount required to pay for an average yield of opium. The receipts from Malwa Opium are taken at the low figure of the Revised Estimate for this year.

SALT.

	Accounts, 1898-99.	Accounts, 1899-1900.	Accounts, 1900-1901.	1901-1902.		1902-1903, Budget.
				Budget.	Revised.	
REVENUE.						
Northern India (a)	2,04,07,302	1,94,65,699	2,07,14,238	1,97,32,000	1,97,00,000	1,97,00,000
Burma (b)	15,81,548	15,36,685	13,40,785	14,50,000	15,50,000	15,50,000
Bengal (b)	2,51,23,488	2,57,94,382	2,54,35,094	2,57,00,000	2,64,00,000	2,60,50,000
Madras (a)	1,99,84,130	1,85,50,392	1,86,26,189	1,90,86,000	1,90,00,000	1,90,00,000
Bombay (a)	2,39,02,245	2,24,09,786	2,33,89,210	2,31,00,000	2,33,00,000	2,33,00,000
TOTAL	9,09,98,713	8,77,56,944	8,95,05,516	8,90,68,000	8,99,50,000	8,96,00,000
CHARGES.						
India	₹ 46,53,139	₹ 49,66,747	₹ 50,47,501	₹ 54,14,000	₹ 50,84,000	₹ 53,71,000
England	£ 258	£ 640	£ 433	£ 700	£ 800	£ 200

(a) Chiefly excise on local manufacture. (b) Chiefly duty on imported salt.

FINANCIAL STATEMENT OF THE

195. The increase in Salt Revenue this year having been specially large in Bengal, the Estimate for next year is reduced below the probable receipts of this year. It is, on the whole, a fair estimate of the probable normal Revenue of 1902-1903. The Estimate of Expenditure provides fully for all probable charges.

STAMPS.

	Accounts, 1898-99.	Accounts, 1899-1900.	Accounts, 1900-1901.	1901-1902.		1902-1903, Budget.
				Budget.	Revised.	
REVENUE.	R	R	R	R	R	R
Court Fees and Plain Paper	3,34,43,390	3,40,81,047	3,42,62,137	3,45,46,000	3,62,64,000	3,60,37,000
Commercial and other Stamps	1,36,26,220	1,39,08,324	1,49,69,527	1,47,68,000	1,52,16,000	1,51,90,000
Other Revenue	9,06,890	9,92,780	9,12,553	8,95,000	9,41,000	9,44,000
TOTAL	4,79,76,500	4,89,82,151	5,01,44,217	5,02,09,000	5,24,21,000	5,21,71,000
CHARGES.	R	R	R	R	R	R
India	9,47,390	9,50,619	11,12,809	11,09,000	11,46,000	11,61,000
England (Stores)	£ 35,296	£ 37,914	£ 28,752	£ 32,100	£ 30,000	£ 39,000

196. The increase in Stamp Revenue has been specially great this year, and a slight reduction is taken in next year's Estimate in the United Provinces of Agra and Oudh.

EXCISE.

	Accounts, 1898-99.	Accounts, 1899-1900.	Accounts, 1900-1901.	1901-1902.		1902-1903, Budget.
				Budget.	Revised.	
REVENUE.	R	R	R	R	R	R
Bengal	1,34,27,050	1,39,65,275	1,46,48,357	1,47,00,000	1,50,00,000	1,50,00,000
United Provinces of Agra and Oudh	56,84,850	63,69,842	69,00,211	67,50,000	74,00,000	74,00,000
Madras	1,36,77,420	1,34,13,799	1,35,87,398	1,37,00,000	1,44,00,000	1,44,00,000
Bombay	1,14,39,070	1,06,38,737	1,01,31,046	1,03,00,000	1,04,00,000	1,08,00,000
Other Provinces	1,32,05,830	1,35,11,472	1,37,91,020	1,40,56,000	1,40,97,000	1,42,04,000
TOTAL	5,74,34,220	5,78,99,125	5,90,58,032	5,95,06,000	6,12,97,000	6,18,04,000
CHARGES.	R	R	R	R	R	R
India	24,30,140	24,22,627	24,16,769	25,31,000	24,93,000	30,85,000
England	£	£	£	£	£	£
	...	...	58	...	...	...

197. The figures for Receipts have been explained in paragraphs 114 and 157. The increase in the Expenditure occurs almost entirely in Burma, where a considerable expenditure on preventive establishments is considered necessary for the protection of the Revenue and the prevention of the smuggling of opium.

PROVINCIAL RATES.

REVENUE.	Accounts, 1898-99.	Accounts, 1899-1900.	Accounts, 1900-1901.	1901-1902.		1902-1903. Budget.
	R	R	R	Budget. R	Revised. R	
District Local Funds	2,38,92,880	2,26,73,416	2,30,41,963	2,43,78,000	2,44,93,000	2,45,29,000
Provincial Cesses, including Famine Insurance	66,84,340	66,14,490	66,43,400	70,14,000	68,94,000	69,89,000
Village Service and Patwaris	72,06,980	67,96,679	72,97,805	78,52,000	83,09,000	79,63,000
Other Cesses	14,37,230	13,97,166	14,57,524	15,95,000	15,35,000	15,37,000
TOTAL	3,92,21,430	3,74,81,751	3,84,40,692	4,08,39,000	4,12,31,000	4,10,18,000
Charges	5,57,370	5,31,917	5,09,616	7,56,000	6,01,000	7,00,000

198. As a whole, this head has recovered from the depression caused by the recent famines. But in the Punjab the Estimate for next year, like that for Land Revenue, is placed specially low.

CUSTOMS.

SEA CUSTOMS.	Accounts, 1898-99.	Accounts, 1899-1900.	Accounts, 1900-1901.	1901-1902.		1902-1903. Budget.
	R	R	R	Budget. R	Revised. R	
IMPORTS.						
<i>Special Import Duties.</i>						
Arms, Ammunition, and Military Stores	3,47,390	3,08,447	2,82,800	293,000	3,00,000	3,04,000
Liquors—						
Ale, Beer, Porter, Cider and other fermented Liquors	2,05,610	2,03,822	2,01,330	1,95,000	2,15,000	2,00,000
Spirits and Liqueurs*	63,66,060	64,91,422	64,05,640	65,01,000	64,15,000	63,70,000
Wines	3,81,000	3,60,000	3,64,647	3,65,000	3,64,000	3,65,000
Opium	2,000	3,000	2,494	2,000	2,000	3,000
Petroleum	46,28,000	43,00,000	49,27,117	45,58,000	51,28,000	51,28,000
Sugar (countervailing duties) . . . . .	...	8,51,750	22,70,651	12,07,000	37,57,000	24,00,000
<i>General Import Duties.</i>						
Articles of Food and Drink (excluding Sugar)	14,06,810	14,66,450	16,03,999	12,04,000	16,10,000	16,95,000
Sugar (ordinary duties)	21,30,000	17,42,000	29,86,290	23,78,000	31,53,000	30,50,000
Chemicals, Drugs, Medicines and Narcotics and Dyeing and Tanning Materials	10,75,070	9,08,257	11,09,380	10,58,000	11,29,000	10,86,000
Cotton Manufactures	84,03,910	92,40,837	93,45,121	87,74,000	1,06,32,000	1,00,38,000
Metals and Manufactures of:—						
Silver, Bullion and Coin	28,67,800	24,32,265	13,34,953	15,00,000	29,63,000	23,50,000
Other Metals and Manufactures of Metals	19,85,530	17,02,047	22,19,038	21,35,000	22,19,000	22,73,000
Oils (excluding Petroleum)	2,31,460	1,45,273	1,56,605	1,05,000	2,10,000	1,92,000
Manufactured Articles	49,87,400	52,35,342	58,76,562	52,61,000	62,51,000	62,34,000
Raw Materials and Unmanufactured Articles	8,46,550	6,51,671	9,66,223	11,15,000	9,77,000	10,21,000
TOTAL IMPORTS	3,59,25,090	3,61,39,583	4,00,52,850	3,67,41,000	4,58,25,000	4,27,09,000
EXCISE DUTY ON COTTON GOODS	13,72,910	13,36,623	12,11,917	12,56,000	16,27,000	14,65,000
EXPORT DUTIES—						
Rice	1,01,12,130	87,63,905	85,26,079	90,08,000	92,10,000	90,02,000
LAND CUSTOMS AND MISCELLANEOUS	6,11,490	7,66,751	7,83,111	8,16,000	8,17,000	8,24,000
GRAND TOTAL	4,80,21,620	4,70,06,862	5,05,73,957	4,78,21,000	5,74,79,000	5,40,00,000
Charges	21,48,440	23,06,176	24,27,076	24,65,000	24,17,000	25,29,000

199. The remarkable increase in the Customs Revenue this year, and the reductions from the probable receipts of this year made in fixing the Estimate for next year have been explained in paragraphs 115 and 158.

The increase in the charges occurs in Burma where, as in the case of Excise, the protection of the Revenue requires increased establishments.

FINANCIAL STATEMENT OF THE

ASSESSED TAXES.

	Accounts, 1898-99.	Accounts, 1899-1900.	Accounts, 1900-1901.	1901-1902.		1902-1903, Budget.
				Budget.	Revised.	
	₹	₹	₹	₹	₹	₹
Deduction by Govern- ment from Salaries, Pensions, and Interest payments	43,62,540	43,84,515	44,96,603	44,66,000	45,05,000	45,26,000
Other Collections	1,48,59,370	1,51,19,901	1,53,34,799	1,50,93,000	1,60,72,000	1,59,41,000
TOTAL	1,92,21,910	1,95,04,416	1,98,31,402	1,95,59,000	2,05,77,000	2,04,67,000
Charges	3,28,120	3,32,364	3,35,967	3,64,000	3,62,000	3,66,000

200. The abolition of the Pandhri Tax in the Central Provinces—see paragraph 146 (b) above—reduces the Estimate under this head by ₹70,000. The Pandhri Tax is an inheritance from the Mahrattas, and it has a long and complicated history. But since the enactment of the present Income Tax Act, it has become simply an Income-tax on petty traders and manufacturers whose incomes amount to ₹250 a year but are below the taxable limit, ₹500, of the Income Tax Act. Its abolition will relieve from this taxation about 21,000 assesses, at the small sacrifice of Revenue mentioned, and will enable the District Staff to devote greater care and attention to the working of the Income-tax.

FOREST.

	Accounts, 1898-99.	Accounts, 1899-1900.	Accounts, 1900-1901.	1901-1902.		1902-1903, Budget.
				Budget.	Revised.	
	₹	₹	₹	₹	₹	₹
India—						
Revenue	1,85,98,680	1,85,31,380	1,94,67,941	1,88,17,000	1,78,79,000	1,93,56,000
Expenditure	97,95,850	1,07,90,296	1,09,24,937	1,13,87,000	1,05,73,000	1,23,34,000
NET	88,02,830	77,41,084	85,43,004	74,30,000	73,06,000	70,22,000
Equivalent in Ster- ling	₤ 586,855	₤ 516,072	₤ 569,534	₤ 495,300	₤ 487,000	₤ 468,100
Expenditure in Eng- land	7,421	10,822	1,835	1,200	4,300	1,700
NET REVENUE	579,434	505,250	567,699	494,100	482,700	466,400

201. Regarding Forest there is nothing to add to the remarks in paragraphs 108, 134, 159, and 171.

INTEREST RECEIPTS.

	Accounts, 1898-99.	Accounts, 1899-1900.	Accounts, 1900-1901.	1901-1902.		1902-1903, Budget.
				Budget.	Revised.	
	₹	₹	₹	₹	₹	₹
India	1,01,46,264	83,47,226	89,26,309	1,00,85,000	1,05,43,000	1,10,13,000
England	₤ 29,867	₤ 49,334	₤ 56,392	₤ 10,000	₤ 75,000	₤ 30,000

INTEREST EXPENDITURE.

	Accounts, 1898-99.	Accounts, 1899-1900.	Accounts, 1900-1901.	1901-1902.		1902-1903, Budget.
				Budget.	Revised.	
Interest on Debt—	R	R	R	R	R	R
India	3,90,61,132	3,90,27,597	4,05,50,556	4,25,30,000	4,06,10,000	4,15,95,000
<i>Deduct</i> charged to—						
Irrigation	1,31,26,938	1,34,51,236	1,38,19,929	1,42,40,000	1,41,62,000	1,45,47,000
Railways	4,29,27,622	4,50,90,125	4,65,59,768	4,77,36,000	4,78,73,000	4,58,48,000
Balance charged to Interest	-1,69,93,428	-1,95,13,764	-1,98,29,141	-1,94,46,000	-2,14,25,000	-2,28,00,000
Equivalent in sterling	£	£	£	£	£	£
England	2,805,866	2,894,271	3,098,349	3,019,100	3,004,900	3,038,800
TOTAL	1,672,971	1,593,353	1,776,406	1,722,700	1,576,600	1,518,800
Interest on other Obligations—	£	£	£	£	£	£
On Savings Bank Balances converted at R15 = £1	215,282	223,203	232,036	243,100	245,900	260,800
Other items	129,295	131,542	130,504	133,600	132,800	135,500
TOTAL	2,017,548	1,948,098	2,138,946	2,099,400	1,955,300	1,915,100
Debt outstanding, March 31—	£	£	£	£	£	£
Sterling	124,268,605	124,144,401	133,435,379	134,566,801	135,444,679	135,575,879
Rupee Debt—	R	R	R	R	R	R
4 per cent	5,07,61,960	4,95,61,850	4,83,61,850	4,71,61,850	4,71,61,850	4,59,61,850
3½ per cent	95,14,12,400	95,15,04,900	98,15,11,700	1,00,15,04,900	99,15,11,700	1,00,65,11,700
3 per cent	11,07,05,100	11,07,05,700	11,07,07,200	11,07,05,700	11,07,07,200	11,07,07,200
Other Debt	1,36,67,520	1,29,74,560	1,27,38,308	1,25,24,560	1,25,28,308	1,23,78,308
Savings Bank Balances	10,79,12,020	11,14,00,631	11,68,25,091	12,31,45,631	12,47,19,091	13,21,11,091

202. The explanations required regarding the Interest figures are given in paragraphs 117, 135, 143, 144, 160, 166, 191, and 192. An increase in the Savings Bank Deposits of 35 lakhs, apart from Interest, is expected in 1901-1902. In 1902-1903, the net receipt is taken at 25 lakhs.

FINANCIAL STATEMENT OF THE
POST OFFICE.

	Accounts, 1898-99.	Accounts, 1899-1900.	Accounts, 1900-1901.	1901-1902.		1902-1903, Budget.
				Budget.	Revised.	
India—	R	R	R	R	R	R
Revenue . . .	1,91,40,671	1,96,24,722	2,03,57,340	2,00,74,000	2,05,76,000	2,06,56,000
Expenditure . . .	1,55,86,694	1,63,13,233	1,68,73,414	1,78,78,000	1,76,90,000	1,88,05,000
NET REVENUE IN INDIA . . .	35,53,977	33,11,489	34,83,926	21,96,000	28,86,000	18,51,000
Equivalent in sterling . . .	£ 236,932	£ 221,433	£ 232,262	£ 146,300	£ 192,400	£ 123,400
Net Expenditure in England . . .	111,013	95,365	97,320	98,000	97,200	100,300
TOTAL NET REVENUE	+125,919	+126,068	+134,942	+48,300	+95,200	+23,100

203. The progress of the Post Office Revenue, notwithstanding the reductions in rates mentioned in paragraphs 118 and 161, is very satisfactory and at once justifies and necessitates the increase in Expenditure shown in the above table.

TELEGRAPH.

	Accounts, 1898-99.	Accounts, 1899-1900.	Accounts, 1900-1901.	1901-1902.		1902-1903, Budget.
				Budget.	Revised.	
India—	R	R	R	R	R	R
Revenue Accounts—						
Revenue . . .	1,06,96,792	1,23,93,431	1,32,78,032	1,24,50,000	1,32,20,000	1,24,08,000
Expenditure . . .	70,08,805	73,88,866	77,55,447	81,37,000	81,22,000	85,47,000
NET . . .	36,87,987	50,04,565	55,22,585	43,13,000	50,98,000	38,61,000
Equivalent in sterling . . .	£ 245,865	£ 333,638	£ 363,172	£ 287,600	£ 339,900	£ 257,400
Net expenditure in England . . .	62,492	71,142	51,825	63,900	73,800	56,000
	+183,373	+262,496	+316,347	+223,700	+266,100	+201,400
Capital Expenditure—						
India (converted at R15 = £1) . . .	54,828	61,479	39,028	70,900	60,200	85,900
England . . .	92,430	95,126	164,190	192,000	234,000	229,300
	147,258	156,605	203,218	262,900	294,200	315,200
TOTAL NET REVENUE	36,115	105,891	113,129	-39,200	-28,100	-113,800

204. A very important change affecting the Telegraph transactions, and one which has been long urged by the Government of India is the reduction of the rate for Foreign Telegrams. A reduction from 4s. to 2s. 6d. a word has been brought into force from the beginning of the present month. In calculating the effect on the Revenues, it has been assumed that the reduction will lead to an increase of 10 per cent in the traffic, a very moderate estimate which will most

probably be exceeded. On this basis the cost to Indian Revenues is estimated thus—(1) loss on Indian terminal rates, £17,000; (2) loss of the Indo-European Telegraph Department, £14,000; and (3) cost of the Guarantee, £38,000: a total of £69,000. The first two items have been included in the Estimates of next year; and this fact accounts for the absence from the Estimate of the usual increase in Telegraph Revenue. Nothing will be payable on account of the guarantee in 1902-1903, as the payment will be based on the accounts of the period ending in March 1903, which will not be made up till the following year.

MINT.

	Accounts, 1898-99.	Accounts, 1899-1900.	Accounts, 1900-1901.	1901-1902.		1902-1903, Budget.
				Budget.	Revised.	
	R	R	R	R	R	R
India— Revenue	7,79,115	51,76,185	4,75,92,732	4,87,000	82,15,000	9,93,000
Expenditure	10,80,762	7,98,216	4,70,95,788	7,74,000	72,87,000	15,77,000
NET REVENUE	-3,01,647	43,77,969	4,96,944	-2,87,000	9,28,000	-5,84,000
Equivalent in ster- ling Net expenditure in England	£ -20,110 3,603	£ 291,865 2,682	£ 33,130 13,014	£ -19,100 16,900	£ 61,900 14,000	£ -38,900 6,200
TOTAL NET REVENUE	-23,713	289,183	20,116	-36,000	47,900	-45,100

205. These figures have been explained in paragraphs 120, 126, 162, and 173. No provision is made in 1902-1903 for receipts or expenditure connected with new coinage; if any coinage occurs the receipts and expenditure will be approximately equal. It is impossible to say whether coinage will be necessary: none is immediately required. But a close and constant watch is kept on the variations in the stocks of gold and of rupees, and as soon as these indicate that coinage is desirable, immediate steps will be taken to purchase silver and coin rupees.

CIVIL DEPARTMENTS.

	Accounts, 1898-99.	Accounts, 1899-1900.	Accounts, 1900-1901.	1901-1902.		1902-1903, Budget.
				Budget.	Revised.	
	R	R	R	R	R	R
INDIA.						
General Administration	1,58,14,295	1,59,60,801	1,62,67,295	1,61,84,000	1,64,04,000	1,66,92,000
Law and Courts	3,07,27,343	3,12,13,533	3,18,60,797	3,23,57,000	3,23,63,000	3,41,46,000
Justice. { Jails	1,02,88,204	1,02,60,188	1,19,55,882	1,11,47,000	1,15,06,000	1,18,24,000
Police	4,17,95,480	4,27,62,727	4,37,51,116	4,57,19,000	4,42,87,000	4,64,86,000
Marine	33,60,546	30,88,823	35,68,472	37,55,000	44,66,000	39,09,000
Education	1,59,56,775	1,62,64,003	1,63,26,203	1,75,82,000	1,68,46,000	2,22,39,000
Ecclesiastical	16,97,403	17,07,796	17,33,903	18,43,000	16,90,000	17,71,000
Medical	1,60,12,347	1,39,93,722	1,40,38,220	1,47,61,000	1,31,58,000	1,55,21,000
Political	86,60,466	1,04,68,139	84,41,227	1,16,09,000	1,00,30,000	1,30,22,000
Scientific and Minor Departments	52,23,538	52,83,680	63,82,287	81,51,000	74,14,000	77,15,000
TOTAL INDIA	14,95,36,397	15,10,03,412	15,43,25,462	16,31,14,000	15,81,63,000	17,33,25,000
ENGLAND.						
General Administration	£ 252,496	£ 320,023	£ 255,196	£ 252,400	£ 258,900	£ 249,500
Marine	204,787	327,970	352,023	288,600	303,500	248,900
Other heads	60,461	67,701	76,039	43,600	57,400	75,400
TOTAL ENGLAND	517,744	715,694	683,258	584,600	619,800	573,800

FINANCIAL STATEMENT OF THE

206. The only variation in these figures not already explained is the decrease in Ecclesiastical charges. This is nominal, representing a transfer to the head Army of the capitation and travelling allowances of Presbyterian and Wesleyan Clergymen ministering to troops.

207. The Rs. 1,89,000 mentioned in paragraph 167 above as the estimate for Census expenditure in 1902-1903 will complete the expenditure on the Census of 1901. It may be of interest to compare the cost of the present Census with the last. The following table shows the Expenditure incurred year by year on the Census of 1891 in each Province:—

PROVINCE.	1889-90.	1890-91.	1891-92.	1892-93.	1893-94.	TOTAL.
India General	16,730	71,500	81,860	24,230	7,050	2,01,370
Central Provinces . . . . .	...	25,270	75,710	9,820	...	1,10,800
Burma . . . . .	...	27,760	87,090	26,090	...	1,40,910
Assam . . . . .	...	23,480	47,570	3,240	...	74,090
Bengal	1,390	1,23,300	5,52,110	25,260	24,740	7,26,800
United Provinces of Agra and Oudh	120	92,970	3,70,530	21,380	—200	4,84,800
Punjab	580	69,370	1,22,270	2,480	...	1,94,700
Madras	240	67,440	3,55,470	34,940	970	4,59,060
Bombay . . . . .	...	66,510	1,28,410	8,500	650	2,04,070
TOTAL	19,060	5,67,600	18,20,820	1,55,940	33,210	25,96,630

And the following table gives the same information, partly estimated, for the Census of 1901:—

PROVINCE.	Actual Charges,		Revised Estimate,	Budget Estimate.	TOTAL.
	1899-1900.	1900-1901.	1901-1902.	1902-1903.	
India General	20,305	1,18,702	1,63,000	97,000	3,99,007
Central Provinces . . . . .	...	31,319	94,000	7,000	1,32,319
Burma . . . . .	...	40,610	1,00,000	9,000	1,49,610
Assam . . . . .	...	23,609	44,000	4,000	71,609
Bengal	1,241	79,670	3,50,000	39,000	4,69,911
United Provinces of Agra and Oudh	...	53,403	2,40,000	12,000	3,05,403
Punjab . . . . .	...	63,712	1,25,000	5,000	1,93,712
Madras . . . . .	...	55,295	2,12,000	7,000	2,74,295
Bombay . . . . .	...	62,797	1,25,000	9,000	1,96,797
TOTAL	21,546	5,29,117	14,53,000	1,89,000	21,92,663

The total cost of the present Census is thus expected to be less than that of 1891 by 4 lakhs; Baluchistan, the Bhil country in Rajputana, and the Andamans were not included in the Census of 1891, but were included in that of 1901.

This substantial saving has been secured partly by the use of cheaper paper and by a reduction in the quantity of paper used, but mainly by the introduction of an improved and cheaper form of the Bavarian method of tabulating on slips of coloured paper which are sorted into any form of table that may be required.

The cost per thousand of population works out to Rs. 7.6 as compared with Rs. 9 in 1891. The last English Census cost £4-18-9 per thousand.

MISCELLANEOUS CIVIL CHARGES.

	Accounts, 1898-99.	Accounts, 1899-1900.	Accounts, 1900-1901.	1901-1902.		1902-1903, Budget.
				Budget.	Revised.	
	R	R	R	R	R	R
INDIA.						
Territorial and Political Pensions	41,36,446	39,83,365	38,77,633	39,45,000	39,05,000	39,68,000
Civil Furlough and Absentee Allowances	15,949	9,660	23	9,600	8,000	10,000
Superannuation Allowances and Pensions	1,06,59,923	1,10,86,006	1,14,05,469	1,16,46,000	1,16,79,000	1,20,09,000
Stationery and Printing Exchange	64,19,119	67,92,810	66,29,107	69,76,000	67,70,000	67,60,000
Miscellaneous	21,40,491	23,67,536	26,93,294	44,97,000	45,57,000	46,55,000
TOTAL INDIA	2,33,71,928	2,54,53,617	2,50,83,262	2,70,73,000	2,69,19,000	2,77,06,000
ENGLAND.						
Civil Furlough and Absentee Allowances	£ 259,009	£ 282,881	£ 250,864	£ 252,500	£ 257,500	£ 257,500
Superannuation Allowances and Pensions	1,942,917	1,965,402	1,950,936	1,983,000	1,991,500	2,008,000
Other Heads	84,309	107,341	113,352	92,100	131,100	115,700
TOTAL ENGLAND	2,286,235	2,355,624	2,315,152	2,327,600	2,380,100	2,381,200

208. The increase in Territorial and Political Pensions is unusual, and temporary, being caused by orders for the commutation of small Carnatic pensions issued by the Government of Madras.

The decrease in Stationery and Printing Charges in India is counter-balanced by the increase in the sterling charges.

In paragraph 172 of the last Financial Statement allusion was made to the authority given to the Local Governments to write off half the amounts of some of the agricultural advances made during the famine. These charges come under the head Miscellaneous. The following table shows the entries on this account in the three Provinces concerned:—

Province.	1901-1902.		1902-1903.
	Budget Estimate.	Revised Estimate.	Budget Estimate.
	R	R	R
Bombay	13,75,000	14,56,000	15,96,000
Central Provinces	6,02,000	6,01,000	1,00,000
Punjab . . . . .	...	...	3,06,000

FAMINE RELIEF AND INSURANCE.

	Accounts, 1898-99.	Accounts, 1899-1900.	Accounts, 1900-1901.	1901-1902.		1902-1903, Budget.
				Budget.	Revised.	
	R	R	R	R	R	R
Famine Relief	4,00,541	3,11,23,771	6,18,78,449	1,01,11,000	83,43,000	63,48,000
Construction of Protective Railways	69,03,526	...	...	...	...	...
Construction of Protective Irrigation Works	1,16,695	3,58,946	4,66,710	1,37,000	10,11,000	14,08,000
Reduction or Avoidance of Debt	44,52,378	...	...	37,52,000	45,60,000	71,14,000
TOTAL	1,18,73,140	3,14,82,717	6,23,45,159	1,50,00,000	1,39,14,000	1,48,70,000
Net charge on account of the Bengal-Nagpur and the Indian Midland Railways shown in the Railway Revenue Account	31,26,860	4,43,987	1,42,838	...	10,86,000	1,30,000
TOTAL EXPENDITURE CHARGEABLE TO THE FAMINE GRANT	1,50,00,000	3,19,26,704	6,24,87,997	1,50,00,000	1,50,00,000	1,50,00,000

FINANCIAL STATEMENT OF THE

209. The entries opposite Famine Relief and Reduction or Avoidance of Debt have been explained in paragraphs 128, 138, 168, and 181. The cost of the Irrigation Commission has been taken under the head Protective Irrigation Works; and provision is made for the construction of a larger number of Protective Works next year. Contrary to the Budget anticipations, a loss of Rs10,86,000 will occur this year on the Bengal-Nagpur Railway; and next year a loss of Rs1,30,000 is entered.

210. The following table may be of interest, as showing from the date of the inception of the Famine Insurance Grant up to the present time the disposal of the Revenue provided for Famine Relief and Insurance.

Statement showing the Disposal of the Provision made in 1877-78 for Famine Relief and Insurance.

[Rupee Figures are converted into sterling at 15 to the £.]

YEARS.	Revenue provided by Measures of 1877-78.	DISPOSAL OF THE REVENUE PROVIDED.						BALANCE ON THE YEAR.		Balance at credit from the commencement of the scheme to the end of the year.	
		EXPENDITURE ON FAMINE RELIEF.		EXPENDITURE ON PROTECTIVE WORKS, INCLUDING NET CHARGES FOR INDIAN MIDLAND AND BENGAL-NAGPUR RAILWAYS.		AMOUNT APPLIED IN REDUCTION OF DEBT.		TOTAL EXPENDITURE.	Credit.		Debit.
		In India at Rs. = £1.	In England £.	In India at Rs. = £1.	In England £.	In India at Rs. = £1.	In England £.				
1878-79 .	1,000,000	208,549	597	—	—	—	—	209,146	790,854	—	790,854
1879-80 .	1,000,000	68,098	313	—	—	—	—	68,411	930,569	—	1,721,413
1880-81 .	1,000,000	21,759	1,831	—	—	—	—	22,590	978,410	—	2,697,823
1881-82 .	1,000,000	22,123	165	525,235	—	118,035	—	643,433	315,442	—	3,013,265
1882-83 .	1,000,000	14,735	—	86,876	—	385,091	—	486,705	513,295	—	3,526,560
1883-84 .	1,000,000	6,081	89	621,625	25	5,213	1,001,392*	1,635,411	—	635,443	2,661,119
1884-85 .	1,000,000	4,900	—	799,669	—	1,717	—	806,316	169,681	—	3,061,803
1885-86 .	1,000,000	27,130	—	517,205	22,253	180	—	566,668	433,302	—	3,518,105
1886-87 .	1,000,000	694	—	205,319	110,328	—	—	316,336	662,694	—	4,201,769
1887-88 .	1,000,000	288	—	60,871	200,815	—	—	261,754	724,248	—	4,946,015
1888-89 .	1,000,000	5,139	—	69,908	331,536	—	—	396,753	603,247	—	5,543,263
1889-90 .	1,000,000	45,525	—	—38,785*	406,745	—	—	416,135	594,965	—	6,128,127
1890-91 .	1,000,000	2,719	—	—46,648*	471,231	—	—	423,307	570,663	—	6,671,830
1891-92 .	1,000,000	15,615	—	51,284	500,245	—	—	567,144	422,856	—	7,131,676
1892-93 .	1,000,000	47,227	—	408,728	509,524	—	—	965,479	34,511	—	7,166,187
1893-94 .	1,000,000	231	—	425,677	515,581	—	—	941,530	58,461	—	7,224,658
1894-95 .	1,000,000	6,836	—	31,648	518,244	—	—	556,831	447,169	—	7,671,827
1895-96 .	1,000,000	12,201	—	80,051	568,870	—	—	678,222	421,078	—	8,082,905
1896-97 .	1,000,000	1,777,004	8,360	—245,487*	514,069	—	—	1,654,122	—	654,122	7,438,783
1897-98 .	1,000,000	2,548,592	1,740	—285,445*	523,717	—	—	2,788,604	—	2,788,604	8,050,179
1898-99 .	1,000,000	28,782	1	161,471	531,280	—	—	702,454	297,546	—	8,967,726
1899-1900 .	1,000,000	2,071,201	2,717	—195,218*	249,742	—	—	2,128,447	—	1,123,417	8,610,278
1900-1901 .	1,000,000	4,117,428	7,602	—277,907*	318,544	—	—	4,185,867	—	3,185,867	853,411
1901-1902 .	1,000,000	556,000	200	—198,500*	322,300	—	—	680,000	261,007	—	657,411
1902-1903 .	1,000,000	422,200	—	—239,700*	242,300	—	—	625,800	474,200	—	1,431,611
TOTAL OF 25 YEARS .	25,000,000	12,632,183	28,815	2,482,454	6,906,285	609,219	1,001,392	22,638,389	9,804,092	8,372,481	1,431,611

* In these years the net receipts on the Indian Midland and Bengal-Nagpur Railways exceeded the charges for other protective works in India.

† In 1890-91, a remittance of Rs1,977,030 was made to England, realising 1,001,392¹/₂, by means of which 992,638¹/₂ of sterling debt was discharged in 1893 &c.

RAILWAY REVENUE ACCOUNT.

	Accounts, 1898-99.	Accounts, 1899-1900.	Accounts, 1900-1901.	1901-1902.		1902-1903, Budget.
				Budget.	Revised.	
STATE RAILWAYS—	R	R	R	R	R	R
Gross Receipts	19,61,39,693	21,97,98,346	25,43,06,949	26,11,34,000	28,72,48,000	28,37,53,000
Working Expenses	9,98,52,913	10,72,17,062	12,69,85,686	12,98,30,000	14,14,41,000	14,10,25,000
Net Revenue equivalent at R15 = £1	6,419,119	7,505,419	8,488,085	8,753,600	9,720,500	9,515,200
Interest and other Charges—						
India converted at R15 = £1	2,872,834	3,016,834	3,112,165	3,230,400	3,227,000	3,344,400
England	3,711,690	3,741,444	4,556,471	5,443,200	5,407,000	5,537,300
Net Result	-165,405	747,141	819,449	80,000	1,086,500	633,500
GUARANTEED RAIL- WAYS—						
Net Traffic Receipts converted at R15 = £1	2,055,115	1,907,215	1,316,899	985,000	992,300	993,400
Surplus Profits, In- terest and other Charges—						
India converted at R15 = £1	270,962	351,959	179,209	131,700	164,200	161,800
England	2,162,525	2,172,336	1,589,417	1,015,100	1,009,500	1,029,300
Net Result	-378,372	-617,080	-451,727	-161,800	-181,500	-197,700
Other Receipts	29,439	27,407	22,933	33,700	35,900	39,100
Other Charges	105,827	80,712	65,531	116,700	123,200	180,000
STATISTICS—						
State Railways—						
Capital Expenditure to March 31—						
Expenditure by Government	101,571,314	104,019,530	111,384,707	113,272,230	114,268,707	117,049,607
Expenditure by Companies	31,503,812	33,291,657	34,817,796	37,371,357	36,769,796	38,930,996
Outlay on the East Indian Railway from Debentures raised by the Company	1,550,000	2,557,917	4,323,182	5,583,817	4,334,082	6,084,082
Outlay on the South Indian Railway by the Company	...	...	250,000	975,000	1,001,200	1,251,200
Outlay on the Great Indian Peninsula Railway by the Company	...	...	...	300,000	...	200,000
TOTAL	134,625,126	139,869,104	150,775,685	157,502,404	156,373,785	163,515,885
Miles open on April 1	15,582	16,643	17,136	19,305	19,317	19,410
Guaranteed Rail ways—						
Miles open on April 1	2,588	2,588	2,612	1,305	1,385	1,348

211. The Revised Estimate of net receipts on State Railways in 1901-1902 is higher than the Budget Estimate by R1,45,03,000, or £966,900. The improvement has been contributed to by all the principal Railways with a few exceptions and is due to development of both passenger and goods traffic as a result of the return of favourable conditions, while the special famine traffic of previous years has to some extent continued. The most noteworthy increase is on the North-Western Railway, which not only attains the expected recovery from the previous year's falling-off, but shows a further improvement of R65,00,000.

The Estimate of net receipts from State Railways in 1902-1903 is placed at R30,79,000, or £205,300 less than the Revised Estimate for 1901-1902, the

anticipated falling-off being on the North-Western Railway the earnings of which during the current year have been so abnormally high that a full continuance of the high earnings cannot prudently be reckoned on. The increase in Interest and other charges in India is due to the progress of Capital outlay, and in England chiefly to further receipts of Capital from Railway Companies. As the result of these increases the estimated net gain from the working of State Railways in 1902-1903 is less by £453,000 than in the Revised Estimate for 1901-1902.

212. The Revised Estimate of net receipts from Guaranteed Railways is R1,10,000 or £7,300 higher than the original Estimate, due mainly to a reduction in working expenses on the Bombay, Baroda and Central India Railway. The Budget Estimate of net receipts for 1902-1903 is practically the same as the Revised Estimate for 1901-1902. The increase in the Revised Estimate of Surplus Profits, Interest, and other charges in India, as compared with the Budget Estimate for 1901-1902, is due mainly to the payment of the Bombay, Baroda and Central India Railway Company's share of surplus profits for the second half of 1900 not having been made before the close of 1900-1901. The decrease in the Revised Estimate of interest paid in England, as compared with the Budget Estimate of 1901-1902, is due to capital not having been raised so early as was anticipated, and the increase in the Budget Estimate of 1902-1903, as compared with the Revised Estimate for 1901-1902, is due to further receipts on Capital account.

IRRIGATION,

IRRIGATION.	Accounts, 1898-99.	Accounts, 1899-1900.	Accounts, 1900-1901.	1901-1902.		1902-1903, Budget.
				Budget.	Revised.	
MAJOR WORKS.	R	R	R	R	R	R
Revenue { Direct Receipts	2,21,29,300	2,36,77,938	2,47,71,151	2,34,43,000	2,39,59,000	2,57,24,000
Land Revenue	1,00,87,584	1,00,52,606	1,12,36,246	1,13,33,000	1,21,72,000	1,25,84,000
Expenditure { Working Expenses	94,03,929	99,71,283	1,03,36,344	1,04,45,000	1,05,87,000	1,10,69,000
Interest	1,31,26,938	1,31,51,236	1,38,19,929	1,42,40,000	1,41,62,000	1,45,17,000
NET	+96,86,017	+1,03,08,025	+1,18,51,124	+1,00,91,000	+1,13,82,000	+1,26,92,000
MINOR WORKS.						
Receipts—Direct	24,13,856	22,67,383	23,31,393	25,22,000	25,03,000	21,43,000
Expenditure	94,03,466	1,05,29,591	1,06,48,641	1,13,97,000	1,07,93,000	1,37,19,000
STATISTICS OF MAJOR WORKS.						
Capital Outlay to March 31	33,31,93,752	34,26,13,013	35,21,44,980	36,32,74,013	36,15,75,980	37,32,88,980

213. In the Revised Estimate the receipts from Major Works show an increase over the Budget Estimate of R13,55,000. This increase is due to the Chenab and Sidhnai canals in the Punjab having irrigated a much larger area than was anticipated, to the seasons being more favourable for canal irrigation in Madras and to the returns resulting from the remodelling of the Begari and Desert canals and the opening of the Mahiwah and Dad projects in Bombay being larger than expected. This increase was partly counterbalanced by an increase of R1,42,000 in the Working Expenses, necessitated by higher collection charges on the increased revenue and by unexpected maintenance and repairs charges on certain canals in the Punjab.

The Budget Estimate of receipts from Major Works during 1902-1903 has been prepared for a further increase of R21,77,000 over this year's Revised Estimate. The development of irrigation from the Chenab canal in the Punjab and the Jamrao and Mahiwah projects in Bombay, and a scanty rainfall in the United Provinces of Agra and Oudh during the *rabi* season of 1901-1902, contribute mainly to this increase. The transfer to the category of Productive Public Works of the Upper Sutlej Inundation canals, also helps to swell the increase. The increase in the Working Expenses for 1902-1903 is due chiefly to provision having been made for the first time under this head for the maintenance of the Upper Sutlej Inundation canals and of the Mahiwah and Dad projects.

214. Under Minor Works the Revised Estimate shows a decrease of R6,04,000 in expenditure due chiefly to the programme of work in Burma not having been worked up to. The Budget Estimate of expenditure during 1902-1903 has been prepared for an increase of R29,26,000 over the Revised Estimate of the current year, the increase being due to the inclusion of the two special grants mentioned in paragraph 146 (d) and paragraph 186.

BUILDINGS AND ROADS.

EXPENDITURE.	Accounts, 1898-99.	Accounts, 1899-1900.	Accounts, 1900-1901.	1901-1902.		1902-1903 Budget.
				Budget.	Revised.	
India—	R	R	R	R	R	R
Military Works	1,13,26,765	1,20,71,699	1,11,28,272	1,31,74,000	1,30,86,000	1,46,41,000
Civil Works, Imperial	40,89,677	34,69,912	39,07,654	67,27,000	65,41,000	74,70,000
Civil Works, Provincial	2,49,41,915	2,81,23,260	2,76,97,674	3,28,31,000	2,95,25,000	3,55,06,000
Civil Works, Local	1,60,53,002	1,65,02,152	1,63,09,396	1,78,11,000	1,61,89,000	1,86,60,000
TOTAL INDIA	5,64,11,359	6,01,67,023	5,90,42,996	7,05,43,000	6,53,41,000	7,62,77,000
England—	£	£	£	£	£	£
Military Works	52,531	31,782	41,057	16,800	35,000	18,100
Civil Works	99,043	91,735	92,286	95,200	104,500	98,400
TOTAL ENGLAND	151,574	123,517	133,343	112,000	139,500	116,500
RECEIPTS.						
India	R 65,91,962	61,77,332	64,76,334	62,22,000	65,43,000	64,44,000
England	£ 30,519	29,058	26,714	25,600	27,400	28,300

215. The Expenditure on Imperial Military Works in India is expected to be less than the Budget Estimate by R88,000, while that in England has increased by £18,200 or R2,73,000.

In the Budget Estimate for 1902-1903 a special additional grant of R32,85,000 has been provided for the following purposes:—

	R
Accommodation for Howitzer Batteries	2,00,000
Bridge over the Swat river, Chakdara	1,50,000
Improvements, Dargai Post	1,50,000
Cordite Factory, Nilgiris	4,00,000
Gun-Carriage Factory, Jubbulpore	4,00,000
Ishapore Rifle Factory	2,00,000
Lines for one regiment Native Cavalry, two battalions Native Infantry, one Native Mountain Battery at Nowshera	2,00,000
Lines for two Native Mountain Batteries at Abbottabad	1,00,000
Improvement of organisation of Horse and Field Artillery	4,00,000
Accommodation for 43 additional British Subordinates, Supply and Transport corps	1,58,000
Mounted Infantry Schools	2,00,000
Bridge and Tunnel Defences	1,00,000
Roadways over Railway Bridges	1,00,000
Electric lighting and punkah pulling in Barracks	2,34,000
Items under R1,00,000 each	2,93,000
TOTAL	32,85,000

There was a similar special grant of R17,75,000 in the Estimate for 1901-1902.

216. The Indian Expenditure on Imperial Civil Works during 1901-1902 is expected to be less than the Budget Estimate by R1,86,000, but there is an increase of £9,300, or R1,39,500, in the Expenditure in England. The Budget grant for 1902-1903 is higher than the Revised Estimate for 1901-1902 by R9,29,000. There is a provision of nearly 5 lakhs for the construction of houses and offices at the head-quarters of the North-West Frontier Province, and provision is now made under Imperial for works in the North-West Frontier Province which were formerly classed as Punjab Provincial. The expenditure on Provincial Civil Works during 1901-1902 is expected to be less than the Budget Estimate by

FINANCIAL STATEMENT OF THE

R33,06,000, and that on Local Civil Works by R16,22,000. The Provincial Budget Estimates for 1902-1903 exceed the Revised Estimates of the present year by R59,81,000. This is caused by the expenditure under this head, aggregating R52,91,000 from the special contributions mentioned in paragraph 107 and paragraph 146 (f). The Budget grant for 1902-1903 for Local Civil Works exceeds the Revised Estimates of the current year by R24,71,000.

ARMY SERVICES.

EXPENDITURE.	Accounts, 1898-99.	Accounts, 1899-1900.	Accounts, 1900-1901.	1901-1902.		1902-1903, Budget.
				Budget.	Revised.	
INDIA—	R	R	R	R	R	R
<i>Effective Services—</i>						
Regimental Pay and Allowances.	8,13,00,170	7,85,49,869	7,18,58,256	8,35,47,000	7,97,01,000	8,84,91,000
Supply and Transport	3,62,16,420	3,73,06,113	3,90,48,972	4,29,32,000	3,90,76,000	4,18,20,000
Ordnance	82,71,720	74,33,281	71,02,726	1,16,17,000	95,83,000	1,24,62,000
Other Heads	3,97,70,180	2,99,59,440	3,25,38,785	3,13,27,000	3,20,52,000	3,39,02,000
	16,55,58,490	15,32,48,703	15,05,48,739	16,94,23,000	16,04,12,000	17,66,75,000
<i>Non-effective Services</i>	93,32,840	91,15,539	91,03,829	91,80,000	93,24,000	92,05,000
TOTAL INDIA	17,48,91,330	16,23,64,242	15,96,52,568	17,86,03,000	16,97,36,000	18,58,80,000
ENGLAND—	£	£	£	£	£	£
<i>Effective Services—</i>						
Payments to War Office in respect of British Forces serving in India.	764,400	739,423	700,000	760,000	465,600	762,500
Furlough Allowances and Pay during Voyage of British Forces serving in India	107,875	93,645	50,207	108,000	88,000	108,000
Furlough Allowances of Officers of the Indian Service	203,833	217,265	183,518	230,000	215,000	230,000
Indian Troop Service	276,556	130,794	86,286	250,000	185,000	250,000
Other Heads	29,813	58,285	45,592	39,600	33,600	61,000
Stores for India—						
Clothing	190,574	138,215	229,747	216,700	194,000	225,200
Ordnance and Miscellaneous	281,890	189,874	673,009	1,143,000	1,153,200	1,152,800
Other Heads	65,284	71,237	86,017	02,500	83,100	82,260
	1,920,225	1,638,733	2,054,376	2,814,800	2,452,500	2,871,700
<i>Non-effective Services—</i>						
Payments to War Office for Retired Pay, etc., of British Forces for services in India	527,523	556,901	553,235	600,000	554,600	610,000
Pay and Pensions of Non-effective and Retired Officers of the Indian Service	1,756,045	1,725,197	1,687,393	1,670,000	1,660,000	1,640,000
Other Heads	138,111	140,108	144,235	143,700	146,500	151,000
	2,421,679	2,422,206	2,384,918	2,413,700	2,364,100	2,401,000
TOTAL ENGLAND	4,341,904	4,060,944	4,439,294	5,228,500	4,813,600	5,272,700
RECEIPTS—	R	R	R	R	R	R
India	83,87,271	95,38,586	1,17,64,929	78,45,000	94,32,000	78,55,000
England	£ 57,133	£ 83,577	£ 32,945	£ 266,800	£ 270,400	£ 325,600

217. In 1901-1902 large savings have again accrued owing to the absence of the Indian Contingents in South Africa and China, and a portion of the savings has again been devoted to meeting the cost of specially sanctioned new expenditure, intended to improve the efficiency of the Army and its Departments. Among the more important of these measures are the following:—

Purchase of material and rolling-stock for fifty miles of light military railway at a cost of £40,000.

£13,000 have been allotted for the requirements of mobilization rest-camps.

£28,000 have been sanctioned for the equipment of four more general hospitals and for four additional Native Field Hospitals for the Field Army.

The completion of the re-armament of mountain batteries in India with the new 10-pr. B. L. Guns involves an expenditure of £40,000.

The acceleration of promotion of Majors and Captains of the Staff Corps has cost £32,000.

Purchase of 6,000 Lyddite Shell and six traction engines at a cost of £31,000.

£23,000 have been spent in the acquisition of land in the Quetta Cantonment.

For Native Infantry lines at Nowshera and Mooltan, £11,000 have been allotted.

These savings have also been used to cover the cost of the special bounties and gratuities to British soldiers for the extension of their service in India, amounting to £203,000, which represents a moiety of the total cost, the other moiety being payable by the War Office.

The total cost of all these measures exceeds £438,000.

218. With regard to the expenditure during the coming year, it may first be mentioned that, as a cause of increased expenditure beyond the control of the Government of India, it has been necessary to add £226,000 in consequence of the increase to the pay of the British soldier.

A sum of £56,700 has been provided for Military Expenditure in connection with the Coronation Durbar to be held at Delhi on the 1st of January 1903, and £35,000 in connection with the despatch to England of a contingent of Native Troops and Volunteers for the King's Coronation.

A sum of £1,066,000 was included in the current year's Military Estimates to meet the cost of measures for the improvement of the efficiency of the Army in India, the bulk of which represented outlay of an initial character. Of this about £944,000 fell under the head Army, and the remainder under Military Works. In the Budget for next year also provision is made for further measures of a like nature involving expenditure to the extent of £1,000,000, of which about £781,000 will be a charge under Army.

First in importance is the amount involved (£327,000) in continuing during the year the programme for the re-armament of the Native Army.

£157,000 have been set aside in connection with the scheme for the addition of Howitzer Batteries to the Army in India, and £63,000 for the Rifle Factory at Ishapore and the Gun-Carriage Factory at Jubbulpore. Ammunition for guns of coast defences is to be provided at a cost of £67,000. For the Brigade Division Staff and improvement of the organization of Horse and Field Artillery, a sum of £41,000 has been sanctioned. The re-armament of Mountain Batteries with 10-pr. guns is to be completed at a cost of £29,000.

Provision has also been made for the following:—

One hospital train, £13,000; Bandolier equipment, £13,000; increase of British officers to Regiments of Native Cavalry and Infantry, £10,000; addition of officers to the Military Accounts and Ordnance Departments and the Supply and Transport Corps, £10,000; for acquisition of land and lines at Nowshera, £14,000; additions to the strength of Sappers and Miners, £14,000; machine guns for the Army, £7,000; and cordite ammunition for the R. I. M. S. *Hardinge*, £7,000.

Section V.—Capital Expenditure on Railways and Irrigation Works not charged to Revenue.

RAILWAY CONSTRUCTION.

219. The expenditure on Railway Construction for which the Government of India undertakes any financial responsibility or gives any direct guarantee is estimated at Rs. 9,38,55,000 in the current year and Rs. 11,00,00,000 in 1902-1903, the amount having been Rs. 7,97,66,524 in 1900-1901, and Rs. 10,32,44,000 in the Budget Estimate of this year. The distribution of the total expenditure on Railway Construction between State and Companies' agency in each of the three years from 1900-1901 to 1902-1903 is as follows:—

	1900-1901, Accounts.	1901-1902, Revised Estimate.	1902-1903, Budget Estimate.
<i>Expenditure in England.</i>			
	£	£	£
1. State Lines	647,002	859,000	1,737,000
2. Old Guaranteed Railways	310,546	458,600	542,200
3. Extensions of ditto	113,803	50,500	500
4. Other Guaranteed or Assisted Railways	719,023	1,199,700	1,064,100
TOTAL	1,790,384	2,567,800	3,343,800
<i>Equivalent in rupees of Expenditure in England.</i>			
	R	R	R
1. State Lines	97,05,024	1,28,78,000	2,60,55,000
2. Old Guaranteed Railways at contract rates	39,77,308	62,87,000	63,22,000
3. Extensions of ditto at prescribed rates	17,05,175	7,60,000	8,000
4. Other Guaranteed or Assisted Railways at contract rates	1,07,17,367	1,80,47,000	1,59,71,000
TOTAL	2,61,64,874	3,79,72,000	4,83,56,000
<i>Expenditure in India.</i>			
1. State Lines	4,20,52,103	4,26,35,000	4,73,45,000
2. Old Guaranteed Railways (net repayments)	—9,26,630	—3,00,000	—24,22,000
3. Extensions of ditto (ditto)	—6,21,656	20,00,000	3,92,000
4. Other Guaranteed or Assisted Railways	1,26,82,439	1,11,98,000	1,62,38,000
5. Branch Lines on firm guarantee	4,15,394	3,50,000	91,000
TOTAL INDIA	5,36,01,650	5,58,83,000	6,16,44,000
TOTAL OF PROGRAMME	7,97,66,524	9,38,55,000	11,00,00,000

220. The figures in the above table do not include the expenditure of Branch Line Companies not in receipt of a direct guarantee, nor that of other Companies whose transactions are outside the Government accounts. Including this expenditure and also the expenditure from Provincial and Local Revenues and from loans raised by Local Boards on local lines, the total expenditure on Railway Construction in the three years may be stated as follows:—

	Accounts, 1900-1901. R	Revised Estimate, 1901-1902. R	Budget Estimate, 1902-1903. R
Total as in table in paragraph 219	7,97,66,524	9,38,55,000	11,00,00,000
Branch lines not on firm guarantee	4,41,912	3,11,000	12,14,000
Railways outside Government accounts	30,90,300	49,26,000	76,03,000
Provincial and Local State lines	2,03,576	7,85,000	13,14,000
GRAND TOTAL	8,35,02,312	9,98,77,000	12,01,31,000

221. The following are the details of the Expenditure on State lines :—

	Accounts, 1900-1901.	Revised, 1901-1902.	Budget, 1902-1903.
	R	R	R
<i>Expenditure by State Agency—</i>			
<i>Open lines—</i>			
North Western	50,98,597	55,66,000	67,61,000
Frontier Railway Reserve	—2,026	...	...
Peshawar Railway do.	—2,30,744	2,00,000	...
Oudh and Rohilkhand	10,77,170	13,03,000	51,47,000
Eastern Bengal	18,26,197	36,76,000	62,99,000
Warora Colliery	—56,384	—60,000	—35,000
East Coast	44,62,988	...	...
Jodhpur-Hyderabad (British section)	3,83,059	2,25,000	40,000
Stores Transactions and Reserve	6,85,905	...	44,11,000
TOTAL	1,32,44,762	1,09,10,000	2,26,23,000
<i>Lines under construction—</i>			
Teesta Bridge	3,90,646	67,000	10,000
Godavari Bridge	3,83,619	—50,000	...
Indus Bridge	—60,509	—63,000	...
Rungpur-Dhubri Extension	18,32,640	23,00,000	8,50,000
Hyderabad-Rahuki	34,418	8,000	...
Ghaziabad-Moradabad	18,17,033	7,46,000	...
Nowshera-Dargai	8,34,935	4,05,000	2,89,000
Agra-Delhi Chord	6,625	1,000	...
Khushalgarh-Kohat Thal	3,42,861	28,79,000	18,27,000
Doubling the line from Tiljola to Dum-Dum . . . . .	...	1,50,000	4,54,000
Extension of Chitpore . . . . .	...	17,00,000	18,34,000
Allahabad-Fyzabad . . . . .	...	5,00,000	50,00,000
Jech-Doab . . . . .	...	1,20,000	20,00,000
TOTAL	55,82,268	87,63,000	1,22,64,000
<i>Expenditure by Agency of Companies—</i>			
<i>Open lines—</i>			
East Indian Railway (including extensions)	1,68,96,565	1,47,50,000	1,87,50,000
Rajputana-Malwa	20,89,503	14,88,000	30,00,000
Tirhoot	20,89,037	5,00,000	10,05,000
Bhopal	48,950	1,92,000	3,65,000
South Indian	3,46,941	4,50,000	8,00,000
Guntakal-Mysore Frontier	3,769	...	10,000
Madras Railway, North-East line	2,56,529	—8,00,000	25,25,000
Palanpur-Deesa . . . . .	...	3,000	1,000
Bezwada extension	—33	8,000	8,000
Great Indian Peninsula	36,93,175	8,16,000	2,30,000
TOTAL	2,54,24,436	1,74,07,000	2,66,94,000
<i>Lines under construction—</i>			
Assam- Bengal } Land	35,034	53,000	20,000
} Construction	6,55,431	74,02,000	61,54,000
} Chittagong jetties	—38,616	45,000	30,000
Hajipur-Katihar extension	33,03,413	22,46,000	11,15,000
Madura-Pamban	14,17,041	31,10,000	15,00,000
Tinnevely-Quilon—British section	6,96,922	47,13,000	9,00,000
Ditto —Native State section	14,36,436	38,64,000	21,00,000
TOTAL	75,05,661	1,84,33,000	1,18,19,000
GRAND TOTAL	5,17,57,127	5,55,13,000	7,34,00,000

FINANCIAL STATEMENT OF THE

222. The following are the details of the Expenditure on the Old Guaranteed Companies and their extensions :—

	Accounts, 1900-1901.	Revised, 1901-1902.	Budget, 1902-1903.
	R	R	R
Madras Railway	10,76,215	22,15,000	22,75,000
Madras Railway Extensions	26,61,140	27,60,000	4,00,000
Bombay, Baroda and Central India Railway	14,72,253	37,72,000	16,25,000
Great Indian Peninsula Railway	5,02,210	...	...
Great Indian Peninsula Railway Extensions	—15,77,621	...	...
TOTAL	41,34,197	87,47,000	43,00,000

223. The details of the figures under other Guaranteed or Assisted Railways are the following :—

	Accounts, 1900-1901.	Revised, 1901-1902.	Budget, 1902-1903.
	R	R	R
Assam-Bengal	83,77,851	...	...
Bengal Central	2,36,634	1,78,000	2,00,000
Bengal-Nagpur	7,61,550	4,19,000	16,30,000
Bengal-Nagpur Extensions	18,66,650	1,56,20,000	1,91,79,000
Burma Railways	98,58,956	95,64,000	54,50,000
Indian Midland (including Saugor-Katni)	12,66,293	25,48,000	35,50,000
Lucknow-Bareilly	3,63,582	4,90,000	11,40,000
Mysore	2,13,399	1,70,000	3,85,000
Southern Mahratta	5,14,891	2,56,000	6,75,000
TOTAL	2,34,59,806	2,92,45,000	3,22,09,000

224. The details of the Expenditure on Branch lines having a direct guarantee are :—

	Accounts, 1900-1901.	Revised, 1901-1902.	Budget, 1902-1903.
	R	R	R
Brahmaputra-Saltanpur	3,46,577	3,08,000	13,000
Hardwar-Dehra	68,817	42,000	78,000
TOTAL	4,15,394	3,50,000	91,000

225. The following are the details of Branch lines without a guarantee :—

	Accounts, 1900-1901.	Revised, 1901-1902.	Budget, 1902-1903.
	R	R	R
Ahmedabad-Parantij	—1,277	13,000	27,000
Mymensingh-Jamalpur-Jagganathganj	2,49,609	2,00,000	46,000
South Behar	12,004	37,000	46,000
Subarmati-Dholka . . . . .	...	38,000	9,39,000
Tapti Valley	1,81,576	23,000	2,48,000
TOTAL	4,41,912	3,11,000	12,14,000

226. The Railways outside Government Accounts shown above are the following :—

	Accounts, 1900-1901.	Revised, 1901-1902.	Budget, 1902-1903.
	R	R	R
Bengal and North-West- ern Railway Extensions	3,09,700	90,000	25,00,000
Kalka-Simla . . .	7,24,600	34,00,000	38,45,000
Bengal Dooars . . .	20,56,000	14,36,000	12,58,000
TOTAL .	30,90,300	49,26,000	76,03,000

227. The Expenditure on the Provincial and Local State lines is distributed as follows :—

	Accounts, 1900-1901.	Revised, 1901-1902.	Budget, 1902-1903.
	R	R	R
Jorhat and Cherra-Com- panyanj lines . . .	—12,329	—2,000	3,000
Mayaveram-Mutupet . . .	2,15,905	7,87,000	13,11,000
TOTAL .	2,03,576	7,85,000	13,14,000

IRRIGATION CONSTRUCTION.

228. The figures are :—

Accounts, 1900-1901.	Budget, 1901-1902.	Revised, 1901-1902.	Budget, 1902-1903.
R	R	R	R
88,57,241	1,00,00,000	83,02,000	1,00,00,000

The Revised Estimate for 1901-1902 has been prepared for R16,98,000 less than the Budget Estimate, as the rate of expenditure on several important works approaching completion is slower than was expected.

The Budget grant for 1902-1903 has been fixed at R1,00,00,000, as in the current year, in order to provide for adequate progress on the projects now in hand and commencement of those contemplated.

229. The following table shows the projects included in the programme of the current and next year, and the amounts to be spent on each :—

NAME OF PROJECT.	Expenditure in,	
	1901-1902.	1902-1903.
	R	R
<i>Canals in Operation—</i>		
Mandalay canal	5,55,000	4,99,000
Ganges "	51,000	5,08,000
Fatehpur Branch of the Lower Ganges canal	93,000	1,48,000
Eastern Jumna canal	67,000	1,16,000
Bari Doab canal	6,64,000	6,00,000
Sirhind canal	11,000	1,80,000
Chenab "	7,05,000	12,00,000
Jhelum "	23,54,000	21,00,000
Kistna Delta	2,52,000	4,11,000
Penner River canals	1,39,000	1,56,000
Desert canal	3,85,000	3,35,000
Eastern Nara Works	1,26,000	1,35,000
Jamrao canal	4,44,000	4,23,000
<i>Canals under Construction—</i>		
Shwebo canal	7,04,000	8,21,000
Lower Bari Doab Canal . . . . .	...	3,42,000
Small Projects	17,52,000	20,26,000
TOTAL .	83,02,000	1,00,00,000

Section VI.—Provincial Finance.

230. The current Provincial Settlements should in ordinary course have come to an end with this year, the last of the five for which they were arranged in 1897. But in view of the fact that the circumstances of the years during which the present Settlements have been current have been abnormal, as described in paragraph 265 of the Financial Statement of last March, it was decided that, except in the case of Burma, the revision of the Settlements should not be undertaken this year, and that the current Settlements should remain in force during 1902-1903. The question whether the prolongation should extend to 1903-1904 and later years has been held over pending the consideration of certain important proposals as to the general character of the Provincial Settlements in future.

231. The information contained in the table in paragraph 264 of the last Financial Statement regarding Provincial Balances, and Revenue and Expenditure, is repeated and brought up to date below :—

	Estimate for the Settlement of 1897-98 to 1901-1902.	ACCOUNTS.				Revised, 1901-1902.	Budget, 1902-1903.
		1897-98.	1898-99.	1899-1900.	1900-1901.		
		1	2	3	4			5	6	7
	R	R	R	R	R	R	R
CENTRAL PROVINCES—							
Balance on April 1, 1897 . . .	...	...	...	...	...	...	...
Total Revenue, including adjustments . . .	84,35,000	89,85,000	83,10,000	83,47,000	92,10,000	1,18,01,000	97,35,000
Total Expenditure . . .	84,35,000	89,85,000	80,87,000	84,70,000	92,10,000	94,70,000	1,05,98,000
Closing Balance . . .	...	...	1,23,000	...	...	23,31,000	14,68,000
BURMA—							
Balance on April 1, 1897 . . .	...	31,22,000	...	...	...	...	...
Total Revenue, including adjustments . . .	2,93,81,000	3,15,97,000	3,41,00,000	3,47,25,000	3,64,64,000	3,69,22,000	3,39,85,000
Total Expenditure . . .	2,93,81,000	2,99,03,000	2,99,85,000	3,21,15,000	3,49,47,000	3,59,05,000	3,86,25,000
Closing Balance . . .	...	48,10,000	89,31,000	1,15,45,000	1,30,02,000	1,40,79,000	94,39,000
ASSAM—							
Balance on April 1, 1897 . . .	...	9,44,000	...	...	...	...	...
Total Revenue, including adjustments . . .	66,43,000	71,62,000	89,34,000	71,53,000	70,97,000	72,87,000	78,37,000
Total Expenditure . . .	66,43,000	76,18,000	80,67,000	79,68,000	71,84,000	72,09,000	78,58,000
Closing Balance . . .	...	4,88,000	13,55,000	5,40,000	4,53,000	5,31,000	5,10,000
BENGAL—							
Balance on April 1, 1897 . . .	...	39,54,000	...	...	...	...	...
Total Revenue, including adjustments . . .	4,43,49,000	4,65,69,000	4,74,76,000	4,73,99,000	4,80,97,000	4,91,88,000	5,09,68,000
Total Expenditure . . .	4,43,49,000	4,96,01,000	4,52,81,000	4,66,89,000	4,76,53,000	4,87,42,000	5,36,76,000
Closing Balance . . .	...	9,22,000	31,17,000	38,18,000	42,62,000	47,08,000	20,00,000
UNITED PROVINCES OF AGRA AND OUDH—							
Balance on April 1, 1897 . . .	...	...	...	...	...	...	...
Total Revenue, including adjustments . . .	3,42,62,000	3,52,97,000	3,77,81,000	3,64,77,000	3,69,76,000	3,64,38,000	3,80,91,000
Total Expenditure . . .	3,42,62,000	3,52,97,000	3,44,95,000	3,57,23,000	3,61,72,000	3,09,03,000	4,01,24,000
Closing Balance . . .	...	...	32,86,000	40,40,000	43,44,000	43,79,000	23,46,000
PUNJAB—							
Balance on April 1, 1897 . . .	...	5,23,000	...	...	...	...	...
Total Revenue, including adjustments . . .	1,90,28,000	1,95,58,000	2,07,00,000	1,87,24,000	2,04,57,000	2,26,97,000	2,06,67,000
Total Expenditure . . .	1,90,28,000	1,95,81,000	1,95,46,000	2,03,78,000	2,04,57,000	2,07,36,000	2,21,04,000
Closing Balance . . .	...	5,00,000	10,54,000	...	...	19,61,000	5,24,000
MADRAS—							
Balance on April 1, 1897 . . .	...	22,95,000	...	...	...	...	...
Total Revenue, including adjustments . . .	3,10,61,000	3,16,20,000	3,36,38,000	3,14,94,000	3,25,76,000	3,78,33,000	3,50,46,000
Total Expenditure . . .	3,10,61,000	3,31,97,000	3,20,31,000	3,32,52,000	3,28,97,000	3,35,57,000	3,70,24,000
Closing Balance . . .	...	7,18,000	23,25,000	5,67,000	2,46,000	45,22,000	25,44,000
BOMBAY—							
Balance on April 1, 1897 . . .	...	17,96,000	...	...	...	...	...
Total Revenue, including adjustments . . .	4,16,53,000	4,26,96,000	4,60,23,000	4,24,32,000	4,50,92,000	5,16,84,000	4,43,19,000
Total Expenditure . . .	4,16,53,000	4,39,92,000	4,50,19,000	4,39,36,000	4,50,92,000	4,52,46,000	4,86,91,000
Closing Balance . . .	...	5,00,000	15,04,000	...	...	64,38,000	20,66,000

232. The considerations mentioned in paragraph 266 of the last Financial Statement, which render it desirable to allow some increases of Provincial Expenditure, led the Government of India to make the grants-in-aid aggregating 164½ lakhs in the Budget Estimate of 1901-1902. The same reasons have led the Government to devote a portion of the increased surplus of the present year, and of the anticipated surplus of next year, to making further similar grants. These amount to 40 lakhs in 1901-1902 as stated in paragraph 107 above, and 90 lakhs in 1902-1903 as stated in clauses (e), (f) and (g) of paragraph 146.

233. The distribution to the several Provinces of these grants is as follows:—

PROVINCE.	Grant of 40 lakhs in 1901-1902, paragraph 107.	Grant of 40 lakhs in 1902-1903 for Education, paragraph 146 (e).	Grant of 32 lakhs in 1902-1903 for Public Works, paragraph 146 (f).	Grant of 18 lakhs in 1902-1903 for District and other establishments, paragraph 146 (g).	TOTAL
	R	R	R	R	R
India (General) . . . . .	...	...	70,000*	1,00,000†	1,70,000
Central Provinces	6,50,000	2,00,000	2,00,000	2,00,000	12,50,000
Burma . . . . .	...	4,00,000	...	...	4,00,000
Assam . . . . .	...	1,00,000	2,80,000	1,50,000	5,30,000
Bengal . . . . .	...	10,00,000	6,00,000	...	16,00,000
United Provinces of Agra and Oudh . . . . .	...	5,00,000	4,50,000	3,50,000	13,00,000
Punjab	4,00,000	4,00,000	5,00,000	3,00,000	16,00,000
Madras	10,00,000	8,00,000	5,50,000	3,50,000	27,00,000
Bombay	19,50,000	6,00,000	5,50,000	3,50,000	34,50,000
TOTAL	40,00,000	40,00,000	32,00,000	18,00,000	1,30,00,000

* Rupees 70,000 were allotted for Public Works in Baluchistan, Rajputana, and Central India.

† Rupees 1,00,000 were taken in the "India" Estimates for subsequent distribution to the Provinces.

234. The Expenditure against these grants has been provided under the following heads:—

HEAD.	From the grant of 40 lakhs of paragraph 107.	From the grant of 40 lakhs of paragraph 146 (e).	From the grant of 32 lakhs of paragraph 146 (f).	From the grant of 18 lakhs of paragraph 146 (g).	TOTAL.
	R	R	R	R	R
3.—Land Revenue . . . . .	...	...	...	7,09,000	7,09,000
11.—Forest . . . . .	...	...	...	30,000	30,000
19A.—Courts of Law . . . . .	...	...	...	5,00,000	5,00,000
19B.—Jails . . . . .	...	...	...	70,000	70,000
20.—Police . . . . .	...	...	...	54,000	54,000
22.—Education	3,40,000	40,00,000	...	...	43,40,000
24.—Medical . . . . .	...	...	...	4,11,000	4,11,000
25.—Political . . . . .	...	...	...	26,000	26,000
43.—Minor Irrigation Works	5,56,000	...	...	...	5,56,000
45.—Civil Works	22,54,000	...	32,00,000	...	54,54,000
Contributions to Local	8,50,000	...	...	...	8,50,000
TOTAL	40,00,000	40,00,000	32,00,000	18,00,000	1,30,00,000

235. The Provinces in which the remissions of Land Revenue mentioned in paragraph 146 (a) have been sanctioned have also been given grants of the amounts shown in column 5 of the table in paragraph 151. These Local Governments will bear in mind the fact that part of these grants compensate the Provincial Revenues for losses of Revenue which will not occur till after 1902-1903, and that it may therefore be necessary for them to reserve part of the closing balances of that year to cover those future losses.

236. In drawing any deductions as to the progress of Provincial Revenue and Expenditure in the period covered by the table in paragraph 231 above, it must be remembered that the grants detailed in the preceding paragraphs as well as those mentioned in paragraphs 265 and 266 of the last Financial Statement are included in the totals of the Provincial Revenues in the table; and that the expenditure of 1902-1903 is swollen by the expenditure against the grants mentioned in paragraph 233.

237. It is not necessary to add to the remarks made in the last Financial Statement regarding each Province except in regard to the Punjab and Burma.

238. Though the Settlement with the Punjab has not been revised as a whole, the separation from it of certain districts formed into the North-West Frontier Province renders necessary an alteration of the fixed adjusting figure. The calculations and considerations bearing on this alteration are somewhat complicated, and consultation with the Punjab Government is required before the amount can be settled. But the expenditure of the transferred districts certainly exceeds their Revenue, and for the Budget Estimates of 1902-1903 the fixed assignment to the Punjab for Provincial Expenditure has been reduced by R7,50,000. In the Punjab, the closing Provincial balance of 1902-1903 is below the prescribed minimum. Estimates having this result have been passed because the alteration in the adjusting entry is approximate only, and because the Provincial Expenditure of next year includes certain items for which compensation from Imperial Revenues will be payable: the separation of the North-West Frontier Province has involved the creation of a new district in the Punjab, for which head-quarters buildings, etc., have to be constructed and the cost of them will be taken as part of the cost of the new Province.

239. As above stated, Burma forms an exception to the decision to postpone the revision of the Settlements. The Settlement of 1897, now expiring, has proved so favourable to the Provincial Revenues that it would not have been fair to the general tax-payer to postpone the revision in that Province. Upper Burma was included in the Settlement for the first time in 1897: it was difficult to settle standard figures for that new Province, and margins in favour of Provincial Revenues were left in many of them: Provincial Revenues were given an exceptionally large share in the rapidly increasing heads of Land Revenue and Excise; and the progress of Revenue in the whole of the young Province of Burma has been so great that even its large growing needs for expenditure have been far outstripped by the rapid growth of its Revenues, and the Government of Burma has during the last few years been left without any financial motive for economy. The Lieutenant-Governor, as stated in paragraph 270 of the last Financial Statement, has been in the happy position of finding difficulty in usefully spending all the funds at his disposal. Sir Frederic Fryer has shunned the danger, which might have been created by these results, and has not been led into any extravagances. But an assignment of too large a share of increasing Revenues tends to defeat one of the main objects of the Provincial system, namely, to ensure proper economy in the Provincial administration.

For these reasons the Settlement with Burma has been revised in consultation with the Government of Burma in the ordinary course this year, and the new Settlement will run from April 1902 to March 1907.

240. The examination of the figures resulted in the fixing of the standard figures for Provincial Revenue and Expenditure, taken at their existing stage of growth, at the amounts shown in the second column of the following statement: the first column repeats the figures of the expiring Settlement from column 1 of the table in paragraph above; and the third column shows the growth in the five years:—

REVENUE.	Estimate for the Settlement of 1897-1898 to 1901-1902.	Estimate for the Settlement of 1902-1903 to 1906-1907 with the shares unchanged.	Difference.
	1	2	3
	R	R	R
Revenue	2,93,81,000	3,73,86,000	80,05,000
Expenditure	2,93,81,000	3,31,86,000	38,05,000
Surplus . . . . .	...	42,00,000	...

241. The result of the revision is accordingly the resumption of a surplus of 42 lakhs from the Provincial Government, an amount a little higher than half of the increase in Provincial Revenues in the five years.

242. For the new Settlement the share of Land Revenue has been reduced from two-thirds to one-half, and that of Excise Revenue and Expenditure from one-half to one-third. With the exception of one or two minor additions to the heads under which Expenditure is Provincial, these are the only changes made in the general terms of the Settlement. After making them, the figures for Revenue and Expenditure in column 2 of the table in paragraph 231, become :—

	R
Revenue	2,78,31,000
Expenditure	3,31,33,000

The two sides are made equal by the addition of a fixed sum of Rs53,02,000 to the Revenue, the total for each side thus becoming Rs3,31,33,000.

Section VII.—Ways and Means.

HOME TREASURY.

243. The following are the details of the transactions of the Home Treasury in the Budget and Revised Estimates for 1901-1902 and in the Budget Estimates for 1902-1903 :—

	Budget, 1901-1902.	Revised, 1901-1902.	Budget, 1902-1903.
RECEIPTS.	£	£	£
Council Bills	16,500,000	16,600,000	16,500,000
Permanent Debt incurred	1,000,000	2,009,500	1,500,000
Temporary Debt	5,000,000	4,000,000	4,000,000
Capital Receipts from Railway Companies—			
(a) for discharge of debt	2,166,400	...	2,394,100
(b) „ expenditure	1,612,600	2,208,000	1,452,600
Deposits and Advances—			
Gold Reserve Fund—			
(a) Net sale-proceeds of Gold from India and dividends on investments . . . . .	...	1,518,100	87,400
(b) Remittances by sale of Council Bills . . . . .	...	1,939,000	...
Other Deposits and Advances (net)	71,600	—7,200	...
Remittances from India—			
(a) Net Recoveries in connection with the war in South Africa and the China Expeditionary Force	304,000	1,881,000	1,100,000
(b) Gold received from India (net sale-proceeds)	500,000	1,002,000	...
Add—Opening Balance	3,717,543	4,091,926	5,848,426
TOTAL	30,872,143	35,242,326	32,882,526
OUTGOINGS.			
Excess of Expenditure over Revenue	17,747,300	17,357,200	17,879,500
Capital Outlay on State Railways and Irrigation Works	1,483,900	866,000	1,742,300
Issues to Railway Companies on Capital Account—			
(a) for discharge of debt	2,166,400	...	2,394,100
(b) „ expenditure	1,639,500	1,716,800	1,609,400
Permanent Debt discharged . . . . .	...	200	1,368,800
Temporary ditto	5,000,000	5,000,000	4,000,000
Deposits and Advances—			
Gold Reserve Fund (sums invested) . . . . .	...	3,457,100	87,400
Remittances to India—			
(a) Railway Companies' Remittances (net)	28,400	—822,400	—443,000
(b) Family and other Remittances (net)	200,700	171,300	193,300
(c) Purchase of Silver . . . . .	...	2,900	...
Add—Closing Balance	2,605,943	5,848,426	4,050,726
TOTAL	30,872,143	35,242,326	32,882,526

244. The entries in connection with the Gold Reserve Fund form a new *Gold Reserve Fund* feature in the foregoing table. These represent, on the Receipt side, the remittances to England by the sale of Council Bills and by the despatch of gold from

India, and the dividends received on investments of the Fund; and, on the Disbursement side, the amounts invested by the Secretary of State in Sterling Securities. The receipts and charges balance each other, and therefore do not affect the Ways and Means of the Home Treasury, except temporarily, when the receipt and the investment are not simultaneous. The two entries of £87,400 in the Budget Estimate of 1902-1903 are the receipt and the investment of dividends on the securities of the Fund. The receipts of dividends included in the Revised Estimate amount to £18,400.

1901-1902.

*Home Treasury—
Ways and Means.*

245. In the Budget Estimate of the current year, the net disbursements of the Home Treasury on account of Government expenditure and the ordinary Remittance, Deposit and Railway Companies' transactions were taken at £19,415,600, and of this it was intended to meet £16,500,000 by the sale of Bills on India, £1,111,600 by a reduction of the sterling cash balance, and £1,000,000 by the issue of India Stock. Against the balance of £804,000, it was expected that £304,000 would be recovered from the Imperial Government on account of expenditure incurred in India in connection with the China Expeditionary Force and the War in South Africa, and that £500,000 net would be realized by the sale of gold remitted from India in March last in reimbursement of payments made from the Home Treasury balances in 1900-1901 for the purchase of silver for rupee coinage.

The cash balance on the 1st of April 1901 was estimated at £3,717,543, but the actual balance on that date was higher by £374,383: the payments during 1900-1901 for the purchase of silver for coinage were less by £383,076 than was anticipated, while there was a decrease of £199,723 in the receipts from the sale of Council Bills, and the other net disbursements of the Home Treasury were less by £191,030.

In addition to the improvement in the opening cash balance, an increase of £1,577,000 is expected in the recoveries from His Majesty's Government on account of the expenditure incurred in India in connection with the War in South Africa and the China Expeditionary Force. There is also an increase of £100,000 in the probable sales of Council Bills and of £502,000 in the sale-proceeds of gold remitted from India otherwise than on account of the Gold Reserve Fund. This remittance was made in July to take the place of Council Bills at a time when the demand for Bills fell off.

The net disbursements on account of the other transactions of the Home Treasury are now expected to be less than was estimated in March last by £679,800, of which £617,900 is the decrease in the capital expenditure of the Government. The difference of £61,900 consists of a decrease of £390,100 in the expenditure charged to Revenue, an increase of £275,900 in the net issues to Railway Companies, and smaller variations in the net transactions on account of Debt, Deposits and Advances, and Remittances other than for Railways.

The net amount raised by sterling debt in England, both permanent and temporary, will also be £9,300 more than in the Budget Estimate.

The result of these several variations from the Budget Estimate is an improvement of £3,242,483 in the net receipts of the Secretary of State. The cash balance on the 31st of March 1902 is therefore taken at £5,848,426 in the Revised Estimate as against £2,605,943 assumed in March last.

1901-1902.

Council Bills.

246. As announced in paragraph 284 of the last Financial Statement, the Secretary of State originally intended to draw £16,500,000 by means of Council Bills during the current year. The drawings in the first eleven weeks of the year up to middle of June amounted to £4,001,400, but about the middle of June, the trade demands fell off and in the subsequent seven weeks up to the end of July only £646,400 were received by the sale of Bills. To make good the consequent deficiency in the Home Treasury balances, a remittance of £500,000 in gold was made from India in July as above mentioned. Accordingly, if the original programme of the Secretary of State's Ways and Means were strictly adhered to, £16,000,000 in all should have been drawn by means of Bills and Telegraphic Transfers during 1901-1902. About the beginning of January, however, there arose a very great increase in the trade demand which has continued up to the present time, and advantage has been taken of this improvement to remit from India by means of Council Bills £1,939,000 held on account of the Gold Reserve Fund, and also to increase the ordinary drawings of the current year. Thus the present Estimate of the Secretary of State's drawings in 1901-1902 stands at £18,539,000, made up of £1,939,000 representing the remittance

of the Gold Reserve Fund, and £16,600,000, the remittance to meet the ordinary disbursements of the Home Treasury.

247. In addition to the £1,000,000 of India Stock already referred to in paragraph 245, the Budget Estimate provided for the issue of £5,000,000 of India Sterling Bills to replace a corresponding amount falling due within the current financial year. The net addition to the Sterling Debt contemplated in March last was therefore £1,000,000, and this has been increased by £9,300 only in the Revised Estimate. The Budget programme was, as usual, announced with full reservations and in paragraph 286 of the last Financial Statement it was said that no pledge could be given that the programme would be adhered to.

When the time came for the issue of the Sterling Loan, it was considered desirable to increase the amount by £1,000,000 to discharge a Temporary Loan and by £1,000,000 to make advances to Railway Companies instead of allowing them to press their new Capital on the debenture market, and on the 11th of July last tenders were invited for £3,000,000 of 3 per cent India Stock at the fixed price of 98 per cent. When the loan was advertised, the mean market price of 3 per cent India Stock was 100 and that of Consols 92½, but within a few days the price of the latter fell to 91 in consequence of news from America. It became evident that, until the strain on the money market generally was relaxed, the loan was not likely to be fully subscribed at the advertised rate, and the Secretary of State therefore decided to withdraw it, allowing those who had already applied to receive their allotments if desired. The amount actually allotted was £709,500, and further stock of the value of £1,300,000 has since been sold raising the total issue during the year to £2,009,500. The sales in excess of the Budget anticipation have been applied towards the discharge of India Sterling Bills, the Secretary of State having decided not to replace £1,000,000 of the Bills paid off in June 1901.

The issues of India Sterling Bills during the year have therefore been limited to £4,000,000 as against the £5,000,000 which fell due and, in accordance with the Budget programme, were discharged. The results of the new issues have been as follows:—

Month of Issue.	Amount tendered.	Amount accepted.	Average rate of interest per cent per annum.
	£	£	£ s. d.
June 1901	4,025,000	1,000,000	for twelve months 3 12 4
September "	3,439,000	1,000,000	ditto 3 1 11
December "	5,072,000	1,000,000	ditto 3 8 2
March 1902	4,040,000	1,000,000	ditto 2 17 3½

The rates of interest payable on these temporary loans ruled high by reason of the stringency in the London Money Market; but the issue of Bills this month was made at a considerably lower rate.

248. The transactions in England during 1901-1902, in connection with the Capital Deposit Account of Railway Companies, are now expected to result in a net receipt of £491,200 as against a net issue of £26,900 entered in the Budget Estimate. The usual details are as follow:—

	Budget.	Revised.
	£	£
RECEIPTS.		
<i>Subscribed Capital—</i>		
(a) State Lines	2,727,600	1,600,000
(b) Guaranteed Lines	1,048,800	600,000
<i>Miscellaneous</i>	2,600	8,000
TOTAL	3,779,000	2,208,000
ISSUES.		
<i>For Discharge of Debentures—</i>		
(a) State Railways	1,667,600	...
(b) Guaranteed Railways	498,800	...
<i>For Stores, Establishment Charges, etc.—</i>		
(a) State Railways	1,077,600	1,205,800
(b) Guaranteed Railways	561,900	511,000
TOTAL	3,805,900	1,716,800

1901-1902.
Loans.

1901-1902.
Capital of Railway Companies.

FINANCIAL STATEMENT OF THE

The decrease of £1,576,400 in the receipts on account of Subscribed Capital is made up as follows:—

Debentures renewed instead of being replaced by fresh Capital—		£
Bengal-Nagpur Railway	.	265,600
Indian Midland Railway	.	1,000,000
Rohilkhand and Kumaon Railway	.	147,000
Southern Mahratta Railway	.	255,000
Bombay, Baroda and Central India Railway	.	498,800
		<u>2,166,400</u>
Receipts on account of Capital more (+) or less (—) by—		
Indian Midland Railway	.	-110,000
Southern Mahratta Railway	.	-50,000
Burma Railways	.	+700,000
Madras Railway	.	+50,000
		<u>+590,000</u>
	Net	<u>+590,000</u>
	Net decrease on account of Subscribed Capital	<u>1,576,400</u>

The conditions obtaining in the London Money Market rendered it desirable to postpone as far as possible the raising of fresh Capital by Railway Companies.

The Revised Estimate of drawings for expenditure on stores, etc., is higher this year than the Budget by £77,300. With the exception of the Southern Mahratta and Burma Railways and the two old Guaranteed lines (the Bombay, Baroda and Central India Railway and the Madras Railway), the demands of the Railway Companies have been larger than was anticipated in March last.

249. The following are the details of the remittance transactions of Railway Companies working State lines in India to whom advances are made in England for the purchase of stores, etc., against adjustments in India by debit to the Railway accounts:—

	Budget.	Revised.
	£	£
<i>Advances for Purchase of Stores—</i>		
East Indian Railway	1,250,000	796,600
Rajputana-Malwa Railway	170,000	116,000
South Indian Railway	483,000	384,900
Bengal and North-Western Railway	100,000	36,600
Great Indian Peninsula Railway	302,900	266,400
TOTAL	<u>2,305,900</u>	<u>1,600,500</u>
<i>Receipts on account of Debentures raised, etc.—</i>		
East Indian Railway Debentures (net)	1,250,000	10,900
South Indian Railway Debentures	725,000	751,200
Great Indian Peninsula Railway Debentures	300,000	...
Transfer fees, etc.	2,500	16,000
TOTAL	<u>2,277,500</u>	<u>778,100</u>
Net Remittance from India	<u>28,400</u>	<u>822,400</u>

Of the issues of Debentures provided for in the Budget Estimate, those of £1,250,000 by the East Indian Railway Company and of £300,000 by the Great Indian Peninsula Railway Company it is not now proposed to make. The sum of £10,900 entered in the Revised Estimate on account of the East Indian Railway represents the balance of the Debenture Stock issued in January 1901. During the current year, the South Indian Railway Company have placed £250,000 of Debentures at par and £500,000 at a premium of 5 shillings per cent, as against the Budget Estimate of £725,000.

The Revised Estimate of advances for the purchase of stores, etc., is considerably less than the original estimates of requirements furnished by the Railway Companies.

1901-1902.

Other Deposits and Advances.

250. The transactions falling under Other Deposits and Advances consist chiefly of the disbursements made at the Home Treasury in connection with the China Expeditionary Force and the despatch of troops to South Africa and

the repayments on these accounts by the Imperial Government. The Revised Estimate provides for a net outgoing of £7,200 as against a net receipt of £71,600 in the Budget Estimate.

251. The Family and other Remittances are now estimated to involve a net payment of £171,300 or £29,400 less than the amount taken in the Budget Estimate. The miscellaneous receipts and the repayments in England of advances of various kinds made in India will be much larger than was expected: on the other hand, the miscellaneous disbursements and the payments for stores chargeable to Provincial and Local Funds and to Native States will exceed the Budget Estimate, though not to the same extent as the receipts mentioned.

252. The net disbursements at the Home Treasury on account of Government Expenditure and the ordinary Remittance, Deposit and Railway Companies' transactions are estimated at £19,528,900 during 1902-1903. Provision has also been made for the discharge of £1,368,800 Great Indian Peninsula Railway Debentures which expire on the 30th of June and the 31st of December 1902, raising the total disbursements to be provided for during 1902-1903, to £20,897,700. Of this, it is proposed to meet £16,500,000 by the sale of Bills on India, £1,500,000 by the issue of India Stock—chiefly on account of the expiring debentures already mentioned—and £1,100,000 from the repayments by the Imperial Government on account of the balance of the recoverable expenditure incurred in India in connection with the China Expeditionary Force and the War in South Africa. The balance of the Secretary of State's net expenditure, or £1,797,700, will be met by drawing upon the cash balance of the Home Treasury. As stated in paragraph 245, the balance on the 1st of April 1902 is estimated at £5,848,426. The reduction of this amount taken in the Budget Estimate provides for a closing cash balance of £4,050,726 on the 31st of March 1903.

253. India Sterling Bills for £4,000,000 fall due in 1902-1903, and it is proposed to replace these by the issue of new bills of a corresponding amount: no increase to the Temporary Debt is at present contemplated.

254. The Budget Estimate provides for a net issue from the Home Treasury of £156,800 in connection with the Capital Deposit Account of Railway Companies. The details are as follow:—

RECEIPTS.		£
<i>Subscribed Capital—</i>		
(a) State Lines		3,505,600
(b) Guaranteed Lines		338,500
Miscellaneous		2,600
	TOTAL	3,846,700
ISSUES.		
<i>For Discharge of Debentures—</i>		
(a) State Railways		2,155,600
(b) Guaranteed Railways		238,500
<i>For Stores, Establishment Charges, etc.—</i>		
(a) State Railways		1,065,500
(b) Guaranteed Railways		543,900
	TOTAL	4,003,500

The estimated receipts of Subscribed Capital are on account of the following Railways:—

	£
Assam-Bengal Railway	500,000
Bengal-Nagpur Railway	1,234,400
" " Extensions	750,000
Burma Railways	500,000
Indian Midland Railway	421,200
Southern Mahratta Railway	100,000
Madras Railway	338,500
	TOTAL SUBSCRIBED CAPITAL 3,844,100

The amounts shown above against the Assam-Bengal Railway (£500,000), the Bengal-Nagpur Railway (£1,234,400) and the Indian Midland Railway (£421,200) are intended to replace debentures which fall due in 1902-1903.

£238,500 of the amount shown against the Madras Railway is for the same purpose.

255. The following are the details of the Budget Estimate of remittance transactions of Railway Companies working State lines in India to whom advances are made in England for the purchase of stores, etc., against adjustments in India by debit to the Railway accounts:—

Advances for Purchase of Stores—

	£
East Indian Railway	1,000,000
Rajputana-Malwa Railway	190,000
South Indian Railway	245,000
Bengal and North-Western Railway	75,000
Great Indian Peninsula Railway	250,000
TOTAL	1,760,000

Receipts on account of Debentures raised, etc.—

East Indian Railway Debentures (net)	1,750,000
South Indian Railway Debentures	250,000
Great Indian Peninsula Railway Debentures	200,000
Transfer fees, etc.	3,000
TOTAL	2,203,000

Net Remittance from India **—443,000**

The East Indian Railway Company propose to issue £1,900,000 of Debentures, of which £150,000 are intended to replace Debentures which fall due next year. The balance of £1,750,000, as well as the Debentures which the South Indian and the Great Indian Peninsula Railway Companies propose to issue, are on account of additional Capital.

It will be convenient to give in the form of a table the figures relating to Council Bills and the transactions in connection with the Sterling Debt of the Government and of Railway Companies included in the Budget and Revised Estimates of the current financial year and in the Budget Estimate of 1902-1903. The figures are:—

RECEIPTS.	Budget, 1901-1902. £	Revised, 1901-1902. £	Budget, 1902-1903. £
Council Bills (exclusive of Bills drawn in connection with the Gold Reserve Fund)	16,500,000	16,600,000	16,500,000
Permanent Debt incurred (India Stock)	1,000,000	2,009,500	1,500,000
Temporary Debt incurred (India Sterling Bills)	5,000,000	4,000,000	4,000,000
Receipts on account of the Subscribed Capital of Railway Companies	3,776,400	2,200,000	3,644,100
Receipts on account of the Debenture Capital of other Railway Companies (the East Indian, South Indian and Great Indian Peninsula Railway Companies)	2,275,000	762,100	3,350,000
OUTGOINGS.			
Permanent Debt discharged . . . . .	...	200	1,368,800
Temporary Debt discharged	5,000,000	5,000,000	4,000,000
Discharge of Railway Companies' Debentures	2,166,400	...	2,394,100
Discharge of East Indian Railway Company's Debentures . . . . .	...	...	150,000

The programme herein announced of the probable drawings on India and of the transactions in connection with the Government Sterling Debt and the borrowings of Railway Companies represent the present intentions of the Secretary of State. But in view of the varying conditions of Indian Finance and of the London Money Market, no assurance can possibly be given that the programme

will be adhered to either in amount or form. The Secretary of State reserves to himself the right to vary the programme to any extent that may be considered necessary during the course of the year.

INDIA.

256. The following is a summary of the Estimates of Ways and Means in India during 1901-1902 and 1902-1903:—

	1901-1902.				1902-1903.	
	BUDGET ESTIMATE.		REVISED ESTIMATE.		BUDGET ESTIMATE.	
	Rupee figures.	Equivalent in £ at R15 = £1.	Rupee figures.	Equivalent in £ at R15 = £1.	Rupee figures.	Equivalent in £ at R15 = £1.
RECEIPTS.	R	£	R	£	R	£
1. Excess of Revenue over Expenditure	27,65,73,000	18,438,200	33,04,52,000	22,030,100	28,07,57,000	18,717,200
2. Rupee Loan	2,00,00,000	1,333,300	1,00,00,000	666,700	1,50,00,000	1,000,000
3. Temporary Debt	-45,29,000	-301,900	-45,29,000	-301,900	...	...
4. Capital raised through Companies towards Outlay on State Railways (net)	3,41,25,000	2,275,000	1,14,31,000	762,100	3,30,00,000	2,200,000
5. Unfunded Debt, mostly Savings Banks Deposits (net)	75,38,000	502,500	85,94,000	572,900	81,46,000	543,100
6. Profits of Rupee coinage transferred to the Gold Reserve Fund . . . . .	...	...	62,27,000	415,100	...	...
7. Other Items (net)	1,76,59,000	1,177,200	1,76,48,000	1,176,400	58,36,000	389,000
8. Remittances from Secretary of State—						
(a) <i>Purchase of Silver in England</i> . . . . .	...	...	4,94,000	33,000	...	...
(b) <i>Other Remittances (net)</i>	29,08,000	193,900	3,96,000	26,400	15,31,000	102,000
Add—Opening Balance	16,23,41,405	10,822,727	15,89,84,715	10,598,981	18,06,85,715	12,045,681
TOTAL	51,66,15,405	34,440,927	53,96,97,715	35,979,781	52,49,55,715	34,996,981
OUTGOINGS.						
9. Excess Expenditure charged to Provincial Balances	27,40,000	182,600	-1,82,55,000	-1,217,000	2,05,21,000	1,368,100
10. Capital Outlay on State Railways and Irrigation Works	5,21,58,000	3,477,200	5,08,25,000	3,388,400	5,72,65,000	3,817,700
11. <i>Issues to Railway Companies for Capital Outlay (net)</i>	1,55,81,000	1,038,800	1,48,04,000	986,900	1,23,24,000	821,500
12. Rupee Debt discharged	14,00,000	93,300	14,10,000	94,000	13,50,000	90,000
13. Payments of Gold Reserve Fund for Investment	2,00,00,000	1,333,300	3,36,96,000	2,246,400	...	...
14. Loans to Municipalities, etc. (net)	-9,21,000	-61,400	89,05,000	593,600	51,09,000	340,600
15. Remittances to Secretary of State—						
(a) <i>Railway Companies' Remittances (net)</i> —						
(i) <i>Debentures raised</i>	3,41,25,000	2,275,000	1,14,31,000	762,100	3,30,00,000	2,200,000
(ii) <i>Other Remittances</i>	-3,45,51,000	-2,303,400	-2,37,67,000	-1,584,500	-2,63,55,000	-1,757,000
(b) <i>Remittance of Gold from India for purchase of Silver</i>	75,00,000	500,000	73,74,000	491,600	...	...
(c) <i>Issues in connection with the War in South Africa and the China Expeditionary Force</i>	86,26,000	575,000	2,13,85,000	1,425,700	66,95,000	446,300
16. Council Bills	25,24,53,000	16,830,200	25,12,04,000	16,746,900	25,25,60,000	16,837,400
Add—Closing Balance	15,75,04,405	10,500,327	18,06,85,715	12,045,681	16,24,86,715	10,832,381
TOTAL	51,66,15,405	34,440,927	53,96,97,715	35,979,781	52,49,55,715	34,996,981

The headings in italics are connected with, and explained by, the corresponding figures of the Secretary of State's account in England. The others refer to purely Indian transactions.

1901-1902.

General Summary.

257. The entries on both sides of the above table in connection with capital raised by Railway Companies working Purchased Railways such as the East Indian, the South Indian, and the Great Indian Peninsula Railways form a new feature in the current year. The transactions of these Railways in England are treated as Remittances to India in the Estimates and Accounts of the Home Treasury (see also paragraphs 249 and 255). The net capital receipts transferred to India through the Home accounts have hitherto been treated as deductions from the gross Expenditure in India charged to the head 48.—State Railways. It has, however, been decided to show the net capital receipts of these Railways under a separate head "Capital raised through Companies towards outlay on State Railways;" and this has been done in the General Statement of Receipts and Disbursements and in Statement C appended to this Financial Statement, as well as in the foregoing table, the figures of the Budget Estimate of the current year being corrected accordingly.

In the Budget Estimate of March last, the cash balance in the treasuries on the 1st of April 1901 was taken at about 16,23 lakhs, and it was expected that, with a rupee loan of two crores and a payment of two crores to the Gold Reserve Fund, the year would close with a balance of 15,75 lakhs. The actual cash balance on the 1st of April last was less than the estimated amount by about 34 lakhs: the loan of the year was reduced by a crore: the arrear payment to the Gold Reserve Fund was increased by about 75 lakhs: and the disbursements as a whole largely exceed the Budget Estimate: it is nevertheless now expected that the closing balance on the 31st of March 1902 will be 18,07 lakhs. The bulk of the remarkable improvement in the cash resources of the Government of India occurs in the "Excess of Revenue over the Expenditure charged to Revenue" and in the Charge to Provincial Balances (line 9). The increase in the excess of Revenue over Expenditure charged to Revenue is due to the large and general improvement in Revenue which has already been explained. The charge to Provincial Balances was estimated at about 27 lakhs in the Budget: it is now expected that, instead of being reduced to this extent, the Provincial Balances will be increased by 1,83 lakhs: of this difference about 39 lakhs is due to the special contributions made to the Provincial Revenues of certain Provinces in the Revised Estimate—see paragraphs 107 and 148 above; and the remainder is due partly to the usual savings on the expenditure grants, but chiefly to the improvement in the revenues.

Other prominent features in a comparison of the Revised and the Budget Estimates of the current year are (1) an increase of about 1,28 lakhs in the issues on account of the recoverable expenditure in India in connection with the China Expeditionary Force and the War in South Africa; (2) a decrease of about 1,08 lakhs in the recoveries in India of advances in England to Railway Companies working State Railways, and (3) an increase exceeding 98 lakhs in the net disbursements on account of loans made by the Government. Part of this last increase is in the loans to agriculturists, it having been found necessary during the course of the year to increase the liberal provision made on this account in the Budget Estimate by about 22 lakhs, chiefly for loans in the famine-stricken districts of the Bombay Presidency: the Budget provision for loans to Native States has also been largely exceeded, the failure of the rains in the Native States of the Bombay Presidency and of Rajputana having increased considerably the demands for loans from the Government: His Highness the Nizam also drew in the current year 30 lakhs of the two crore loan made to him, which was expected to be fully disbursed in 1900-1901.

On the Receipt side, the Revised Estimate includes over 62 lakhs on account of the profit on the rupee coinage of the current year transferred to the Gold Reserve Fund; and under Outgoings there is a charge of 3,37 lakhs approximately on account of payments of gold made from the treasury cash balances to the Fund for remittance to, and investment in, England. Of this amount, slightly less than 274½ lakhs were due to the Gold Reserve Fund on account of the profit on the coinage of 1900-1901, and provision was made in the Budget Estimate for a payment of 2 crores during the current year. The marked improvement in the Government cash balances in India, however, admitted of the whole liability being cleared off. In future, as the profits will be paid to the Gold Reserve Fund as they accrue, the transactions of the Fund will no longer affect the Ways and Means Estimates of the Government, as

the receipts and charges will balance each other. The figures relating to the transactions will, however, continue to be shown separately, as in the foregoing table, for the information of the public.

The Revised Estimate of Receipts in India includes an entry of nearly 5 lakhs on account of silver purchased in England, the corresponding entry in the table in paragraph 243 being £2,900 only. The small charge included in the Home Estimates represents incidental charges in connection with the purchases of last year; the larger entry under Receipts in the India Estimates includes an adjustment of 4½ lakhs on account of an outstanding balance on the 31st of March 1901 in the remittance account between England and India.

A similar difference occurs between the Home and Indian Revised Estimates in connection with the remittances of Gold made to London otherwise than on account of investments of the Gold Reserve Fund. As explained in paragraphs 24 and 246 above, a remittance of £500,000 in gold was made in July last when the demand for Council Bills threatened to fall off. This was the only remittance made from India during the current year; but the Home Estimates also include the proceeds of a remittance made in March last, which, however, did not reach London till after the close of 1900-1901.

258. A probable rupee loan of 2 crores was announced in the last Financial Statement with the usual reservation as to the liberty of the Government to vary the programme, if necessary. The satisfactory progress of the revenue during the first quarter and the prospects for the remainder of the year made it apparent that it would not be necessary to borrow so large an amount, and in July last the Government announced a 3½ per cent rupee loan of one crore only. Tenders were opened on the 14th of August last, and the results of the loan were as follow :—

Month of Issue.	Amount tendered.	Amount accepted.	Average rate of accepted tenders.
	₹	₹	₹ a. p.
August 1901	5,45,58,130	1,00,00,000	97 4 10

259. The only transaction in India in connection with Temporary Debt was the payment to the Gwalior Durbar of ₹45,29,000, the amount of the temporary loan mentioned in paragraph 290 of the last Financial Statement. This payment was made on the 31st of August 1901.

260. The payments in India on account of the Secretary of State's ordinary drawings of Council Bills are now estimated at 25,12 lakhs, or about 12 lakhs less than the amount entered in the Budget Estimate. This decrease, in spite of an increase in the drawings of ₹100,000, is due to larger outstandings of Bills at the end of the year. As already explained in paragraph 246, it is expected that further sales of Bills aggregating ₹1,939,000 will be made in connection with the withdrawal to London of the balance of the Gold Reserve Fund which has not already been remitted in gold to the Secretary of State. The estimated receipts on this account in England are entered in the table in paragraph 243. The corresponding outgoings in India do not appear in the Indian Ways and Means Estimates, as the accounts of the transactions and balances of the Gold Reserve Fund are maintained outside the treasury accounts of the Government of India. In addition to the sales of Council Bills, and taking the place of an equivalent amount of them, a remittance of ₹500,000 was made to the Secretary of State in gold as above mentioned.

261. The year 1902-1903 is expected to open with a cash balance of about 18,07 lakhs and the surplus of Revenue in India is estimated at 28,08 lakhs. The expenditure chargeable to the Provincial Balances of the Local Governments is estimated at 2,05 lakhs and the Capital outlay on State Railways and Irrigation Works at about 5,73 lakhs. Of this charge for Capital expenditure, a sum of 3,30 lakhs is, however, counterbalanced by the anticipated receipts on account of the Capital of Railway Companies working State lines in India, the transactions of which in England are treated as remittances to India in the Home accounts and estimates. The disbursements on account of the Secretary of State's sales of Bills on India are taken at 25,26 lakhs, and it is estimated that the payments on account of the War in South Africa and the China Force will amount to 67 lakhs. The transactions in connection with the issue and repayment of loans made by the Government are expected to result in a net outgoing of 51

lakhs, liberal provision having been made for the grant of such loans in those parts of the country where distress prevails. Inclusive of the Deposit and other Remittance transactions of the year, the net outgoings from the treasuries in India are placed at 4,13½ lakhs in the Budget Estimate, of which it is expected that about 81½ lakhs will be counterbalanced by an increase in the Unfunded Debt consisting principally of Savings Bank Deposits. A rupee loan of one and a half crore is entered in the Estimates. The balance of the net expenditure it is proposed to meet by a reduction of 1,82 lakhs in the cash balances.

*Savings Banks,
etc.*

262. The following table gives the details of the transactions of Savings Banks during the last few years and the estimated transactions for 1901-1902 and 1902-1903:—

YEAR.	Net additions to deposits, cash.	Interest.	Total addition.
	R	R	R
1892-93	54,89,000	33,94,000	88,83,000
1893-94	17,99,000	36,80,000	54,79,000
1894-95	—8,45,000	29,70,000	21,25,000
1895-96	24,77,000	33,85,000	58,62,000
1896-97	—58,11,000	34,66,000	—23,45,000
1897-98	—65,71,000	32,70,000	—33,01,000
1898-99	—8,84,000	32,29,000	23,45,000
1899-1900	1,40,000	33,48,000	34,88,000
1900-1901	19,44,000	34,80,000	54,24,000
1901-1902, Budget	31,33,000	36,46,000	67,79,000
1901-1902, Revised	42,06,000	36,88,000	78,94,000
1902-1903, Budget	34,80,000	39,12,000	73,92,000

The Savings Bank Accounts consist mainly of the Post Office Banks, but the transactions of the various departmental Provident Funds and the Regimental Savings Banks are also included.

The Government of India have recently decided to close the Regimental Savings Banks with effect from the 1st of April 1902 allowing depositors who transfer their accounts to the Post Office Savings Banks the higher rate of interest authorized by the rules of the Military Savings Banks.

In preparing the Budget Estimate of the current year, a net deposit into the Post Office Savings Banks of 20 lakhs, apart from interest, was assumed; the transactions of the first eight months of the year resulted in a net increase in the deposits of nearly 49 lakhs, and allowing for withdrawals usually made in the closing months of the year, it is now expected that there will be an increase in the net deposits of over 35 lakhs on account of the Post Office Banks.

In the Budget Estimate of 1902-1903, a net deposit of 25 lakhs, apart from interest, is anticipated.

*Loans by
Government.*

263. The transactions in connection with the issue and repayment of loans made by the Government were originally expected to result in a net receipt of 9 lakhs, but, according to the Revised Estimate, the net disbursements during the current year will amount to 89 lakhs. It has already been explained that the bulk of this increase is due to larger demands for loans to Native States and to agriculturists by reason of the failure of the rains in parts of India. The Budget Estimate provides for gross disbursements aggregating 1,81 lakhs of which 57 lakhs is the provision for agricultural loans in Bombay and the Punjab, 50 lakhs, a lump provision, for unforeseen requirements, and 28 lakhs the anticipated demand for loans to Native States in Bombay. The estimated net disbursements are reduced to 51 lakhs, as the probable recoveries on account of outstanding loans are taken at the high figure of 1,30 lakhs in the Budget Estimate, the famine of 1900-1901 having necessitated the grant of specially large Government loans.

*1902-1903.
New Rupee Loan.*

264. According to the programme now announced, it is the intention of the Government of India to raise a new loan in India of a crore and a half, but full liberty is reserved, as usual, to vary the programme, as now announced, to any extent that may be considered desirable.

Section VIII.—Summary.

265. The following is a summary of the general figures in this Statement:—

I.—The Accounts of 1900-1901 closed with a surplus of £1,670,204, being £29,804 higher than the surplus expected in the Revised Estimate of that year.

II.—1901-1902—

- (1) The Revised Estimates of 1901-1902 show a total Revenue of £76,546,700, a total Expenditure charged to Revenue of £71,873,800, and a surplus of £4,672,900. The surplus is higher than that estimated last March by £3,982,000.
- (2) There has been a large and widely diffused improvement in Revenue.
The net Railway Traffic Earnings exceed the Budget Estimate by £974,200.
Customs Revenue shows an improvement of £643,900.
Land Revenue including that due to Irrigation is higher than the Budget Estimate by £355,200.
Opium gives an increase of £311,400.
And there are smaller increases under Stamps, Excise, Army, Income Tax, Salt, Telegraph, Post Office, Irrigation, and Interest Receipts.
- (3) The Army Expenditure is expected to be less than the Budget Estimate by £1,006,000, in consequence chiefly of the continued absence of Indian Troops in South Africa and China.
A saving of £331,600 is expected under Civil Works.
A short crop yields a saving of £163,400 in Opium Expenditure.
There is a saving in Interest charges of £146,100, caused chiefly by the reduction in the amount of the rupee loan of the year.
The expenditure on Famine Relief is less than the Budget Estimate by £117,900.
And there are several other reductions in expenditure below the Budget Estimate.
- (4) From the Revenues of 1901-1902 grants aggregating £266,666 have been made to Local Governments in aid of Provincial Expenditure in those Provinces where famine and other causes had necessitated the postponement of useful and urgent works.
- (5) The Mint Receipts exceed the Budget Estimate by £515,200, and the Mint Expenditure is higher by £431,300. These differences are caused mainly by the coinage of rupees in the first quarter of the year, which swells the receipts by the gross profit on the coinage and the charges by the net profit transferred to the Gold Reserve Fund. The net profit transferred to that Fund during the year amounted to £415,100. That amount was paid in gold to the Fund during the year. The portion of the balance of the Fund which had not been converted into gold at the end of last year owing to the heavy calls on the Treasury balances caused by famine in 1900-1901, has also been converted into gold in the present year, and the gold has been remitted to London for investment.
- (6) The balance of the Gold Reserve Fund including the dividends received on investments now amounts to £3,455,282. The whole of it has been invested in Consols.
- (7) A loan of one crore of rupees was raised in India; and India Stock to the amount of £2,009,500 was issued, of which £1,000,000 was applied to the discharge of Temporary Debt,—India Bills.
- (8) The drawings of Council Bills in 1901-1902 are expected to amount to £18,539,000. Of this, the sum of £1,939,000 is for the remittance of the Gold Reserve Fund to London, and £16,600,000

FINANCIAL STATEMENT OF THE

on ordinary account as compared with the Budget Estimate of £16,500,000.

- (9) In addition to the receipts from Council Bills, the Secretary of State's balances were strengthened by the remittance of £500,000 in gold from India in July last.

III.—1902-1903—

- (1) The Budget Estimates of 1902-1903 show a total Revenue of £74,370,400, a total Expenditure charged to Revenue of £73,532,700, and a surplus of £837,700.

- (2) The surplus would have been higher by £1,511,200 had not the Government of India decided to sanction the following measures:—

- (a) The final remission of famine arrears of Land Revenue aggregating R1,98,23,000. This involves a charge against the Imperial Revenues of 1902-1903 of R1,10,75,000.
- (b) The abolition of the Pandhri Tax in the Central Provinces costing R70,000 a year.
- (c) The reduction of the Patwari Rate in Ajmer, involving a contribution to Local Funds of R23,000 in 1902-1903.
- (d) A grant of R25,00,000 for Minor Irrigation Works.
- (e) Grants to Local Governments aggregating R90,00,000 for Expenditure on Education, on Public Works, on the Revision of Revenue Establishments, Provincial Service Cadres, and other establishments and on Medical Objects.

- (3) Land Revenue is taken lower than the Budget Estimate of 1901-1902 by £297,100 in consequence of the remissions; and Opium Receipts lower by £313,700, the exports of Malwa Opium having declined.

- (4) Nearly all other heads of Revenue are expected to improve, the more important amounts being £770,000 in Railway net Traffic Earnings, £412,000 in Customs, £153,200 in Excise, £152,000 in Direct Receipts of Major Irrigation Works, and £130,800 in Stamps.

- (5) Famine Relief Operations are expected to be necessary in Bombay, the Punjab, and Ajmer; the amount entered on this account is £250,900 less than in the Budget Estimate of 1901-1902. As the total of the Famine Insurance Grant will be maintained at £1,000,000, this reduction does not affect the surplus.

- (6) There is a large reduction in the expenditure on Census. And the interest charges are reduced by the usual transfer from Ordinary to Railway and Irrigation Debt.

- (7) Most other heads of expenditure show increases.

The expenditure against the grants mentioned in (d) and (e) above increases the entries under 3.—Land Revenue, Law and Justice, Education, Medical, Minor Irrigation and Civil Works. The usual increases are taken under Forest, Post Office, Telegraph, General Administration, and Major Irrigation Works.

The Mint charges are increased by provision for the loss on recoinage of 1840 rupees.

A sum of £260,000 is provided, the larger part under Political, for expenditure connected with the Coronation Durbar to be held at Delhi in January next.

The Budget Estimate of 1901-1902 is exceeded by £529,400 under Army and by £99,100 under Military Works. These are caused by the increase in the pay of British troops, and the continuance of the policy of adopting measures for improving the efficiency of the Army.

- (8) The Provincial Settlement with Burma has been revised, a surplus of 42 lakhs being resumed.

- (9) Subject to the usual reservations, loans of £1,500,000 in England and of one and a half crores in India are announced as contemplated, and the drawings of Council Bills are entered at £16,500,000. The sterling loan is required to pay off debentures of the Great Indian Peninsula Railway Company, and the rupee loan for Capital Expenditure on Railways and Irrigation Works.
- (10) Subject to the usual reservations, provision is also made for the raising of capital through Railway Companies as follows:—
- (a) towards outlay on State Railways £2,200,000, and
- (b) for expenditure on Companies' Railways £1,613,300.
- (11) It is intended to replace India Bills for £4,000,000 by new Bills of the same amount.

IV.—The following table shows the Capital Expenditure on Railways and Irrigation Works:—

	Accounts, 1900-1901.	Revised Estimate, 1901-1902.	Budget Estimate, 1902-1903.
RAILWAYS.	R	R	R
Included in the Government Programme	7,97,66,524	9,38,55,000	11,00,00,000
Branch lines not on firm guarantee	4,41,912	3,11,000	12,14,000
Railways outside the Government accounts	30,90,300	49,26,000	76,03,000
Provincial and Local State lines	2,03,576	7,85,000	13,14,000
TOTAL RAILWAYS	8,35,02,312	9,98,77,000	12,01,31,000
Irrigation Works	88,57,241	83,02,000	1,00,00,000

J. F. FINLAY.

March 19, 1902.

APPENDIX I.

ACCOUNTS AND ESTIMATES.

Accounts	1900-1901
Revised Estimates	1901-1902
Budget Estimates	1902-1903

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I.—General Statement of the Revenue and Expenditure charged to

	For details, vide Statement.	Accounts, 1900-1901.	Budget Estimate, 1901-1902.	Revised Estimate, 1901-1902.	Budget Estimate, 1902-1903.
Revenue—					
Principal Heads of Revenue—					
		£	£	£	£
Land Revenue	A	17,503,031	18,170,600	18,469,900	17,790,100
Opium	"	5,102,242	4,542,700	4,851,100	4,729,000
Salt	"	5,967,031	5,937,900	5,996,700	5,973,300
Stamps	"	3,342,918	3,347,300	3,494,700	3,478,100
Excise	"	3,937,202	3,967,100	4,086,500	4,120,300
Customs	"	3,371,597	3,188,000	3,831,900	3,600,000
Other Heads	"	6,075,051	6,223,300	6,221,300	6,309,600
TOTAL PRINCIPAL HEADS	...	45,297,105	45,376,900	46,955,100	45,500,400
Interest	A	651,479	682,300	777,900	764,200
Post Office	"	1,357,156	1,338,200	1,371,700	1,377,100
Telegraph	"	895,816	834,200	889,900	831,400
Mint	"	3,172,875	32,500	547,700	66,200
Receipts by Civil Departments	"	1,243,076	1,209,700	1,244,700	1,264,700
Miscellaneous	"	525,492	573,800	637,200	573,200
Railways	"	18,293,629	18,127,600	20,178,100	19,949,400
Irrigation	"	2,555,919	2,486,500	2,575,600	2,696,700
Other Public Works	"	458,470	440,400	463,600	457,900
Receipts by Military Department	"	817,274	789,800	905,200	889,200
TOTAL REVENUE	...	75,272,291	72,191,900	76,546,700	74,370,400

H. J. BRERETON,
Deputy Comptroller General.

FORT WILLIAM,
FINANCE AND COMMERCE DEPARTMENT;
March 19, 1902.

Revenue of the Government of India, in India and in England.

	For details, vide Statement.	Accounts, 1900-1901.	Budget Estimate, 1901-1902.	Revised Estimate, 1901-1902.	Budget Estimate, 1902-1903.
		£	£	£	£
Expenditure—					
Direct Demands on the Revenues	B	7,552,341	7,769,800	7,450,000	7,996,000
Interest	"	2,138,946	2,099,400	1,955,300	1,915,100
Post Office	"	1,222,214	1,289,900	1,276,500	1,354,000
Telegraph	"	782,687	873,400	918,000	945,200
Mint	"	3,152,759	68,500	499,800	111,300
Salaries and Expenses of Civil Departments	"	10,971,622	11,458,800	11,164,000	12,128,800
Miscellaneous Civil Charges	"	3,987,370	4,132,500	4,174,700	4,228,300
Famine Relief and Insurance	"	4,156,344	1,000,000	927,600	991,300
Railway Revenue Account	"	17,968,505	18,592,400	19,360,400	19,654,500
Irrigation	"	2,320,327	2,405,500	2,369,500	2,622,400
Other Public Works	"	4,068,721	4,858,100	4,440,800	5,289,200
Army Services	"	15,082,799	17,135,300	16,129,300	17,664,700
Special Defence Works	"	6,864	...	—9,100	...
TOTAL EXPENDITURE, IMPERIAL AND PROVINCIAL . . . . .	...	73,411,499	71,683,600	70,656,800	74,900,800
<i>Add—</i> Provincial Surpluses: that is, portion of Allotments to Provincial Governments not spent by them in the year.	End of B	214,953	315,100	1,246,300	3,500
<i>Deduct—</i> Provincial Deficits: that is, portion of Provincial Expenditure defrayed from Provincial balances.	"	24,365	497,700	29,300	1,371,600
TOTAL EXPENDITURE CHARGED AGAINST REVENUE . . . . .	...	73,602,087	71,501,000	71,873,800	73,532,700
SURPLUS . . . . .	...	1,670,204	690,900	4,672,900	837,700
TOTAL . . . . .	...	75,272,291	72,191,900	76,546,700	74,370,400

A. F. COX,
Comptroller General.

J. F. FINLAY,
Secretary to the Government of India.

II.—General Statement of the Receipts and Disbursements of the

	For details, vide Statement.	RECEIPTS.			
		Accounts, 1900-1901.	Budget Estimate, 1901-1902.	Revised Estimate, 1901-1902.	Budget Estimate, 1902-1903.
		£	£	£	£
Surplus	C	1,670,204	690,900	4,672,900	837,700
Railway and Irrigation Capital not charged to Revenue—					
Capital raised through Companies towards Outlay on State Railways (Net)		2,015,610	2,275,000	762,100	2,200,000
Capital raised and deposited by Railway Companies (Net)	C	1,228,624	1,663,400	2,232,400	1,613,300
Debt, Deposits, and Advances—					
Permanent Debt (net Incurred)	C	10,827,153	2,240,000	2,582,000	1,041,200
Temporary Debt (net Incurred)	"	801,942	...	...	...
Unfunded Debt (net Incurred)	"	394,870	502,500	572,900	543,100
Deposits and Advances (net)	"	2,130,474	...	350,000	...
Loans and Advances by Imperial Government (net Repayments)	"	...	111,200	...	...
Loans and Advances by Provincial Governments (net Repayments) . . . . .	"	...	...	...	...
Capital Account of Local Boards (Net)	"	12,694	...	...	...
Remittances (net) . . . . .	"	...	...	1,055,800	562,400
Secretary of State's Bills drawn	"	13,300,277	16,500,000	16,600,000	16,500,000
TOTAL RECEIPTS . . . . .	...	32,381,848	23,983,000	28,828,100	23,297,700
Opening Balance—India . . . . .	...	8,425,827	10,822,727	10,598,981	12,045,681
England . . . . .	...	3,330,943	3,717,543	4,091,926	5,848,426
TOTAL . . . . .	...	44,138,618	38,523,270	43,519,007	41,191,807

H. J. BRERETON,
Deputy Comptroller General.

Government of India, in India and in England.

	For details, vide Statement.	DISBURSEMENTS.			
		Accounts, 1900-1901.	Budget Estimate, 1901-1902.	Revised Estimate, 1901-1902.	Budget Estimate, 1902-1903.
		£	£	£	£
Railway and Irrigation Capital not charged to Revenue—					
Outlay on Irrigation Works	C	590,483	666,700	553,500	666,700
Outlay on State Railways	"	3,450,475	4,294,400	3,700,900	4,893,300
Outlay of Railway Companies (net)	"	1,898,136	2,709,500	2,633,100	2,591,600
Charge involved in Redemption of Railway Liabilities	"	5,922,350	...	...	...
TOTAL CAPITAL ACCOUNT DISBURSEMENTS . . . . .	...	11,861,444	7,670,600	6,887,500	8,151,600
Debt, Deposits, and Advances—					
Permanent Debt (net Discharged)	C	...	...	...	...
Temporary Debt (net Discharged)	"	...	301,900	1,301,900	...
Deposits and Advances (net)	"	...	267,100	...	979,100
Loans and Advances by Imperial Government (net Advances)	"	2,457,269	...	492,900	317,900
Loans and Advances by Provincial Governments (net Advances)	"	769,196	49,800	100,700	22,700
Capital Account of Local Boards (net)	"	...	19,600	95,000	...
Remittances (net)	"	1,535,312	277,800	...	...
Secretary of State's Bills paid	"	12,824,490	16,830,200	16,746,900	16,837,400
TOTAL DISBURSEMENTS . . . . .	...	29,447,711	25,417,000	25,624,900	26,308,700
Closing balance—India . . . . .	...	10,598,981	10,500,327	12,045,681	10,832,381
England . . . . .	...	4,091,926	2,605,943	5,848,426	4,050,726
TOTAL . . . . .	...	44,138,618	38,523,270	43,519,007	41,191,807

A. F. COX,
Comptroller General.

J. F. FINLAY,
Secretary to the Government of India.

FINANCIAL STATEMENT OF THE

A.—STATEMENT of the REVENUE of

HEADS OF REVENUE.	ACCOUNTS, 1900-1901.					REVISED	
	INDIA. (RUPEE FIGURES.)		Total India (converted into £ at ₹15=£1).	England.	TOTAL.	INDIA. (RUPEE FIGURES.)	
	Imperial.	Provincial and Local.				Imperial.	Provincial and Local.
	₹	₹	£	£	£	₹	₹
Principal Heads of Revenue—							
I.—Land Revenue	14,02,88,255	12,22,57,204	17,503,031	...	17,503,031	13,82,99,000	13,87,50,000
II.—Opium	7,65,33,633	...	5,102,242	...	5,102,242	7,28,11,000	...
III.—Salt	8,86,55,512	8,50,004	5,967,034	...	5,967,034	8,89,67,000	9,83,000
IV.—Stamps	1,28,04,517	3,73,39,700	3,342,948	...	3,342,948	1,34,86,000	3,89,35,000
V.—Excise	3,95,77,223	1,94,80,809	3,937,202	...	3,937,202	4,10,80,000	2,02,17,000
VI.—Provincial Rates	6,918	3,84,33,774	2,562,713	...	2,562,713	35,000	4,11,96,000
VII.—Customs	5,00,00,237	5,73,720	3,371,597	...	3,371,597	5,69,32,000	5,47,000
VIII.—Assessed Taxes	1,10,72,053	87,59,349	1,322,094	...	1,322,094	1,14,66,000	91,11,000
IX.—Forest	99,58,757	95,09,184	1,297,863	...	1,297,863	91,68,000	87,11,000
X.—Registration	23,52,869	23,35,504	312,558	...	312,558	23,95,000	23,64,000
XI.—Tributes from Native States	86,67,349	...	577,823	...	577,823	88,74,000	...
TOTAL	43,99,17,323	23,95,39,248	45,297,105	...	45,297,105	44,35,13,000	26,08,14,000
XII.—Interest	70,92,270	18,34,039	595,087	56,392	651,479	86,03,000	19,40,000
XIII.—Post Office	2,02,46,144	1,11,196	1,357,156	...	1,357,156	2,04,71,000	1,05,000
XIV.—Telegraph	1,32,78,032	...	885,202	10,614	895,816	1,32,20,000	...
XV.—Mint	4,75,92,732	...	3,172,849	26	3,172,875	82,15,000	...
Receipts by Civil Departments—							
XVI.—Law and Justice { Courts	67,011	37,62,456	228,631	...	228,631	1,28,000	33,92,000
{ Jails	2,62,138	34,14,672	245,121	...	245,121	3,51,000	32,48,000
XVII.—Police	11,097	44,72,334	298,895	...	298,895	41,000	43,58,000
XVIII.—Marine	5,55,783	17,61,155	154,463	...	154,463	4,50,000	17,04,000
XIX.—Education	22,161	24,14,891	162,470	...	162,470	20,000	25,12,000
XX.—Medical	2,099	9,32,997	62,339	1,487	63,826	6,000	9,99,000
XXI.—Scientific and other Minor Departments	1,26,280	12,12,393	89,245	425	89,670	1,46,000	12,89,000
TOTAL	10,46,569	1,75,70,898	1,241,164	1,912	1,243,076	11,42,000	1,75,02,000
Miscellaneous—							
XXII.—Receipts in aid of Superannuation, etc.	11,56,008	4,91,643	109,843	84,270	194,113	11,75,000	4,90,000
XXIII.—Stationery and Printing	3,46,676	4,87,694	55,625	...	55,625	3,74,000	5,45,000
XXIV.—Exchange . . . . .	...	...	...	...	...	6,70,000	...
XXV.—Miscellaneous	9,26,366	32,19,211	276,372	3,382	279,754	13,14,000	35,52,000
TOTAL	24,29,050	41,98,548	441,840	87,652	529,492	35,33,000	45,87,000
Railways—							
XXVI.—State Railways (Gross Receipts)	25,39,70,394	3,33,105	16,953,567	230	16,953,797	28,68,10,000	3,90,000
XXVII.—Guaranteed Companies (Net Traffic Receipts)	1,97,53,492	...	1,316,899	...	1,316,899	1,48,85,000	...
XXVIII.—Subsidized Companies (Repayment of Advances of Interest)	3,20,134	...	21,342	1,591	22,933	5,18,000	...
TOTAL	27,40,44,020	3,33,105	18,291,808	1,821	18,293,629	30,22,13,000	3,90,000
Irrigation—							
XXIX.—Major Works: Direct Receipts	1,73,33,671	74,37,480	1,651,410	...	1,651,410	1,73,46,000	66,13,000
Portbn of Land Revenue due to Irrigation	1,12,36,246	...	749,083	...	749,083	1,21,72,000	...
XXX.—Minor Works and Navigation	7,31,731	15,99,662	155,426	...	155,426	10,79,000	14,24,000
TOTAL	2,93,01,648	90,37,142	2,555,919	...	2,555,919	3,05,97,000	80,37,000
Other Public Works—							
XXXI.—Military Works	5,36,320	...	35,755	...	35,755	5,51,000	...
XXXII.—Civil Works	1,26,197	58,13,817	396,001	26,714	422,715	1,68,000	58,24,000
TOTAL	6,62,517	58,13,817	431,756	26,714	458,470	7,19,000	58,24,000
Receipts by Military Department—							
XXXIII.—Army: Effective	1,09,03,499	...	726,900	16,152	743,052	84,96,000	...
Non-Effective	8,61,430	...	57,429	16,793	74,222	9,36,000	...
TOTAL	1,17,64,929	...	784,329	32,945	817,274	94,32,000	...
TOTAL REVENUES	84,73,75,234	27,84,37,993	75,054,215	218,076	75,272,291	84,16,58,000	29,91,99,000

INDIA, in India and in England.

ESTIMATE, 1901-1902.			Increase + Decrease— of Revised, as com- pared with Budget Estimates, 1901-1902.	BUDGET ESTIMATE, 1902-1903.						Increase + Decrease— of Budget, 1902-1903, as compared with Budget Esti- mates, 1901- 1902.	Increase + Decrease— of Budget, 1902-1903, as compared with Revised Estimates, 1901-1902.
Total India (converted into £ at Rs=£1).	England.	Total.		INDIA. (Rupee Figures.)		Total India (converted into £ at Rs=£1).	England.	Total.			
				Imperial.	Provincial and Local.						
£	£	£	£	R	R	£	£	£	£	£	
18,469,900	...	18,469,900	+299,300	14,14,40,000	12,54,12,000	17,790,100	...	17,790,100	-380,500	-679,800	
4,854,100	...	4,854,100	+311,400	6,34,35,000	...	4,229,000	...	4,229,000	-313,700	-625,100	
5,996,700	...	5,996,700	+58,800	8,86,53,000	9,47,000	5,973,300	...	5,973,300	+35,400	-23,400	
3,494,700	...	3,494,700	+147,400	1,35,86,000	3,85,85,000	3,478,100	...	3,478,100	+130,800	-16,600	
4,086,500	...	4,086,500	+119,400	4,24,50,000	1,93,54,000	4,120,300	...	4,120,300	+153,200	+33,800	
2,748,700	...	2,748,700	+26,100	75,000	4,09,43,000	2,734,500	...	2,734,500	+11,600	-14,200	
3,831,900	...	3,831,900	+643,900	5,34,46,000	5,54,000	3,600,000	...	3,600,000	+412,000	-231,900	
1,371,800	...	1,371,800	+67,800	1,14,35,000	90,32,000	1,364,500	...	1,364,500	+60,500	-7,300	
1,191,900	...	1,191,900	-62,500	99,85,000	93,71,000	1,290,400	...	1,290,400	+36,000	+98,500	
317,300	...	317,300	+15,900	23,74,000	23,24,000	313,200	...	313,200	+11,800	-4,100	
591,600	...	591,600	-49,300	91,05,000	...	607,000	...	607,000	-33,900	+15,400	
46,955,100	...	46,955,100	+1,578,200	43,39,84,000	24,65,22,000	45,500,400	...	45,500,400	+123,300	-1,454,700	
702,900	75,000	777,900	+95,600	89,37,000	20,76,000	734,200	30,000	764,200	+81,900	-13,700	
1,371,700	...	1,371,700	+33,500	2,05,62,000	94,000	1,177,100	...	1,377,100	+38,900	+5,400	
881,400	8,500	889,900	+55,700	1,24,08,000	...	827,200	4,200	831,400	-2,800	-58,500	
547,700	...	547,700	+515,200	9,93,000	...	66,200	...	66,200	+33,700	-481,500	
234,700	...	234,700	-300	2,58,000	33,40,000	239,900	...	239,900	+4,900	+5,200	
239,900	...	239,900	+13,500	3,42,000	33,83,000	248,400	...	248,400	+22,000	+8,500	
293,300	...	293,300	-3,200	99,000	42,65,000	290,900	...	290,900	-5,600	-2,400	
143,600	...	143,600	+15,700	2,62,000	17,81,000	136,200	...	136,200	+8,300	-7,400	
168,800	...	168,800	+700	20,000	25,75,000	173,000	...	173,000	+4,900	+4,200	
67,000	1,500	68,500	+4,800	7,000	10,55,000	70,800	1,500	72,300	+8,600	+3,800	
95,600	300	95,900	+3,800	1,66,000	13,94,000	103,700	300	104,000	+11,900	+8,100	
1,242,900	1,800	1,244,700	+35,000	11,54,000	1,77,89,000	1,262,900	1,800	1,264,700	+55,000	+20,000	
111,600	82,700	193,700	-2,600	11,58,000	4,86,000	109,600	81,400	191,000	-5,300	-2,700	
61,300	...	61,300	+400	3,47,000	5,80,000	61,800	...	61,800	+900	+500	
44,600	...	44,600	+28,600	...	...	...	...	...	-16,000	-44,600
324,400	13,200	337,600	+37,000	11,90,000	35,79,000	317,900	2,500	320,400	+19,800	-17,200	
541,300	95,900	637,200	+63,400	26,95,000	46,45,000	489,300	83,900	573,200	-600	-64,000	
19,146,700	3,200	19,149,900	+1,741,000	28,33,02,000	4,48,000	18,916,700	200	18,916,900	+1,508,000	-233,000	
992,300	...	992,300	+7,300	1,49,00,000	...	993,400	...	993,400	+8,400	+1,100	
34,500	1,400	35,900	+2,200	5,72,000	...	38,100	1,000	39,100	+5,400	+3,200	
20,173,500	4,600	20,178,100	+1,750,500	29,87,74,000	4,48,000	19,948,200	1,200	19,949,400	+1,521,800	-228,700	
1,597,500	...	1,597,500	+34,400	1,86,10,000	71,14,000	1,714,900	...	1,714,900	+152,000	+117,600	
811,400	...	811,400	+55,900	1,25,84,000	...	838,900	...	838,900	+83,400	+27,500	
166,900	...	166,900	-1,200	7,69,000	13,74,000	142,900	...	142,900	-25,200	-24,000	
2,575,600	...	2,575,600	+89,100	3,19,63,000	84,88,000	2,696,700	...	2,696,700	+210,200	+121,100	
36,700	...	36,700	+600	5,41,000	...	36,100	...	36,100	...	-600	
399,500	27,400	426,900	+22,600	2,36,000	56,67,000	393,500	28,300	421,800	+17,500	-5,100	
436,200	27,400	463,600	+23,200	7,77,000	56,67,000	429,600	28,300	457,900	+17,500	-5,700	
566,400	255,200	821,600	+107,800	69,07,000	...	460,400	341,600	802,000	+88,200	-19,600	
62,400	21,200	83,600	+7,600	9,43,000	...	63,200	24,000	87,200	+11,200	+3,600	
628,800	276,400	905,200	+115,400	78,55,000	...	523,600	365,600	889,200	+99,400	-16,000	
76,057,100	489,600	76,546,700	+4,354,800	82,21,02,000	28,57,29,000	73,855,400	515,000	74,370,400	+2,178,500	-2,176,300	

B.—STATEMENT of the EXPENDITURE charged to the

HEADS OF EXPENDITURE.	ACCOUNTS, 1900-1901.					REVISED	
	INDIA. (RUPEE FIGURES).		Total India (converted into £ at Rs=£1).	England.	TOTAL.	INDIA. (RUPEE FIGURES).	
	Imperial.	Provincial and Local.				Imperial.	Provincial and Local.
Direct Demands on the Revenues—							
1.—Refunds and Drawbacks	23,32,140	8,15,204	209,823	...	209,823	24,80,000	8,91,000
2.—Assignments and Compensations	50,53,236	1,02,75,744	1,021,932	...	1,021,932	52,69,000	1,02,56,000
Charges in respect of Collection, viz.:							
3.—Land Revenue	11,17,580	4,11,13,770	2,815,423	176	2,815,599	14,19,000	4,15,26,000
4.—Opium (including cost of Production)	2,67,61,559	...	1,784,104	1,771	1,785,875	2,40,96,000	...
5.—Salt (including cost of Production)	46,45,998	4,01,503	336,500	433	336,933	46,81,000	4,03,000
6.—Stamps	—3,07,303	14,20,112	74,187	28,752	102,939	—3,79,000	15,25,000
7.—Excise	16,01,315	8,15,454	161,118	58	161,176	16,49,000	8,44,000
8.—Provincial Rates	...	5,09,616	33,975	...	33,975	...	6,01,000
9.—Customs	8,50,648	15,76,428	161,805	125	161,930	8,62,000	15,55,000
10.—Assessed Taxes	1,68,506	1,67,461	22,398	...	22,398	1,82,000	1,80,000
11.—Forest	56,85,410	52,39,527	728,329	1,835	730,164	55,42,000	50,31,000
12.—Registration	12,74,934	12,69,018	169,597	...	169,597	12,88,000	12,79,000
TOTAL	4,91,84,023	6,36,03,837	7,519,191	33,150	7,552,341	4,70,89,000	6,40,91,000
Interest—							
13.—Interest on Debt	3,33,12,058	72,38,498	2,703,370	4,371,063	7,074,433	3,33,18,000	72,92,000
Deduct—Amounts chargeable to Railways†	4,65,59,768	...	3,103,985	1,272,714	4,376,699	4,78,24,000	49,000
" Amounts chargeable to Irrigation	81,65,832	56,54,097	921,328	...	921,328	84,96,000	56,66,000
Remainder chargeable on Ordinary Debt	—2,14,13,542	15,84,401	—1,321,943	3,098,349	1,776,406	—2,30,02,000	15,77,000
14.—Interest on other Obligations	53,91,534	43,179	362,314	226	362,540	56,43,000	36,000
TOTAL	—1,60,22,008	16,27,580	—959,620	3,098,575	2,138,946	—1,73,59,000	16,13,000
15.—Post Office	1,55,57,417	13,15,997	1,124,894	97,320	1,222,214	1,63,37,000	13,53,000
16.—Telegraph	83,40,867	...	556,058	226,629	782,687	90,25,000	...
17.—Mint	4,70,95,788	...	3,139,719	13,040	3,152,759	72,87,000	...
Salaries and Expenses of Civil Departments—							
18.—General Administration	66,84,997	95,82,298	1,084,486	255,196	1,339,682	67,98,000	96,06,000
19.—Law and Justice	2,54,542	3,16,06,255	2,124,053	261	2,124,314	4,44,000	3,19,19,000
Courts	16,24,435	1,03,31,447	797,959	...	797,959	15,23,000	99,82,000
Jails	7,28,511	4,30,22,605	2,916,741	1,245	2,917,986	10,66,000	4,32,21,000
20.—Police	16,73,614	18,94,858	237,898	352,023	589,921	24,42,000	20,24,000
21.—Marine (including River Navigation)	1,73,104	1,61,53,099	1,088,414	2,708	1,091,122	1,83,000	1,66,63,000
22.—Education	17,33,963	...	115,598	753	116,351	16,90,000	...
23.—Ecclesiastical	3,98,799	1,36,39,421	935,881	5,222	941,103	4,19,000	1,27,39,000
24.—Medical	76,75,404	7,65,823	562,748	24,743	587,491	92,35,000	7,95,000
25.—Political	41,02,512	22,79,775	425,486	41,107	466,593	50,45,000	23,69,000
26.—Scientific and other Minor Departments	...	...	...	...	...	...	...
TOTAL	2,50,49,881	12,92,75,581	10,288,364	683,258	10,971,622	2,88,45,000	12,93,18,000
Miscellaneous Civil Charges—							
27.—Territorial and Political Pensions	38,77,633	...	258,509	20,805	279,314	39,05,000	...
28.—Civil Furlough and Absentee Allowances	23	...	1	250,864	250,865	8,000	...
29.—Superannuation Allowances and Pensions	7,97,513	1,06,07,956	760,365	1,950,936	2,711,301	8,37,000	1,08,42,000
30.—Stationery and Printing	10,13,651	56,15,456	441,941	67,350	509,291	9,72,000	57,98,000
31.—Exchange	4,77,736	...	31,849	...	31,849	...	...
32.—Miscellaneous	6,85,431	20,07,863	179,553	25,197	204,750	6,31,000	39,26,000
TOTAL	68,51,987	1,82,31,275	1,672,218	2,315,152	3,987,370	63,53,000	2,05,66,000
Famine Relief and Insurance—							
33.—Famine Relief	6,12,42,164	5,19,255	4,117,428	7,802	4,125,230	81,22,000	2,18,000
34.—Construction of Protective Railways	...	...	...	...	...	...	...
35.—Construction of Protective Irrigation Works	4,65,710	...	31,114	...	31,114	9,39,000	...
36.—Reduction or Avoidance of Debt	...	...	...	...	...	45,60,000	..
TOTAL††	6,17,08,874	5,19,255	4,148,542	7,802	4,156,344	1,36,21,000	2,18,000
Carried over	19,77,66,829	21,45,73,525	27,489,357	6,474,926	33,164,283	11,11,98,000	21,71,59,000

† Included under the following heads:—
State Railways Interest on Debt
Interest chargeable against Companies on Advances

ACCOUNTS, 1900-1901.				REVISED ESTIMATE, 1901-1902.			
INDIA.		England.	TOTAL.	INDIA.		England.	TOTAL.
Amount in Rupees.	Equivalent in £ at Rs=£1.			Amount in Rupees.	Equivalent in £ at Rs=£1.		
Rs	£	£	£	Rs	£	£	£
4,44,14,123	2,960,942	1,053,830	4,014,772	4,56,02,000	3,040,100	1,147,800	4,187,900
21,45,045	143,043	218,884	361,927	22,71,000	151,400	218,900	370,300
TOTAL	4,65,59,768	3,103,985	1,272,714	4,78,73,000	3,191,500	1,366,700	4,558,200

Revenues of India, in India and in England.

ESTIMATE, 1901-1902.			Increase + Decrease — of Revised, as compared with Budget Estimate, 1901- 1902.	BUDGET ESTIMATE, 1902-1903.					Increase + Decrease — of Budget, 1902-1903, as compared with Budget Esti- mate, 1901- 1902.	Increase + Decrease — of Budget, 1902-1903, as compared with Revised Estimate, 1901-1902.
Total India (converted into £ at Rs=41).	England.	Total.		In (Rupee figures).		Total India (converted into £ at Rs=41).	England.	Total.		
				Imperial.	Provincial and Local.					
£ 224,700	...	£ 224,700	£ +32,900	₹ 21,74,000	₹ 7,89,000	£ 197,500	...	£ 197,500	£ +5,700	£ -27,800
1,035,000	...	1,035,000	-14,900	52,06,000	1,04,02,000	1,040,500	...	1,040,500	-9,400	+5,500
2,863,000	700	2,863,700	-77,300	19,60,000	4,40,07,000	3,064,500	1,000	3,065,500	+184,500	+201,800
1,606,400	2,000	1,608,400	-163,400	2,65,39,000	...	1,769,300	4,000	1,773,300	+1,500	+164,900
338,900	800	339,700	-21,900	49,42,000	4,29,000	358,100	800	358,300	-3,300	+18,600
76,400	39,900	106,400	+400	-3,81,000	15,42,000	77,400	39,000	116,400	+10,400	+10,000
166,200	...	166,200	-9,800	20,78,000	10,07,000	205,700	...	205,700	+30,300	+39,500
40,100	...	40,100	-10,300	...	7,00,000	46,600	...	46,600	-3,800	+6,500
161,100	200	161,300	-3,400	8,57,000	16,72,000	168,600	100	168,700	+4,000	+7,400
24,100	...	24,100	-200	1,85,000	1,81,000	24,400	...	24,400	+100	+300
704,900	4,300	709,200	-51,100	64,97,000	58,37,000	822,300	1,700	824,000	+63,700	+114,800
171,200	...	171,200	-1,400	13,20,000	13,07,000	175,100	...	175,100	+8,500	+3,900
7,412,000	38,000	7,450,000	-319,800	5,13,77,000	6,78,73,000	7,950,000	46,000	7,996,000	+226,200	+546,000
2,707,300	4,371,600	7,078,900	-142,400	3,42,51,000	73,44,000	2,773,000	4,402,000	7,175,000	-46,300	+96,100
3,191,500	1,366,700	4,558,200	-8,900	4,97,99,000	49,000	3,323,200	1,363,200	4,686,400	-137,100	-128,200
944,100	...	944,100	+5,200	88,58,000	56,89,000	969,800	...	969,800	-20,500	-25,700
-1,428,300	3,004,900	1,576,600	-146,100	-2,44,06,000	16,06,000	-1,520,000	3,038,800	1,518,800	-203,900	-57,800
378,600	100	378,700	+2,000	59,06,000	36,000	396,100	200	396,300	+19,600	+17,600
-1,049,700	3,005,000	1,955,300	-144,100	-1,85,00,000	16,42,000	-1,123,900	3,039,000	1,915,100	-184,300	-40,200
1,179,300	97,200	1,276,500	-13,400	1,73,46,000	14,59,000	1,253,700	100,300	1,354,000	+64,100	+77,500
601,700	316,300	918,000	+44,600	98,35,000	...	655,700	289,500	945,200	+71,800	+27,200
485,800	14,000	499,800	+431,300	15,77,000	...	105,100	6,200	111,300	+42,800	-388,500
1,093,600	258,900	1,352,500	+21,200	70,04,000	96,88,000	1,112,800	249,500	1,362,300	+31,000	+9,800
2,157,500	1,300	2,158,800	+1,000	8,39,000	3,33,07,000	2,276,400	700	2,277,100	+119,300	+118,300
767,000	...	767,000	+23,900	18,01,000	1,00,23,000	788,300	...	788,300	+45,200	+21,300
2,952,500	1,000	2,953,500	-95,300	17,40,000	4,47,46,000	3,099,100	900	3,100,000	+51,800	+146,500
297,700	303,500	601,200	+62,300	19,30,000	19,79,000	260,600	248,900	509,500	-29,400	-91,700
1,123,100	2,700	1,125,800	-48,500	2,30,000	2,20,09,000	1,482,600	1,700	1,484,300	+310,000	+358,500
112,700	400	113,100	-10,200	17,71,000	...	118,100	400	118,500	-4,800	+5,400
877,200	5,100	882,300	-107,000	6,80,000	1,48,41,000	1,034,700	4,400	1,039,100	+49,800	+156,800
668,700	12,100	680,800	-99,800	1,22,89,000	7,33,000	868,100	34,700	902,800	+122,200	+222,000
494,200	34,800	529,000	-42,400	47,03,000	30,12,000	514,300	32,600	546,900	-24,500	+17,000
10,544,200	619,800	11,164,000	-294,800	3,29,87,000	14,03,38,000	11,555,000	573,800	12,128,800	+670,000	+964,800
260,400	10,700	271,100	-2,600	39,68,000	...	264,500	10,700	275,200	+1,500	+4,100
500	257,500	258,000	+4,900	10,000	...	700	257,500	258,200	+5,100	+200
778,600	1,991,500	2,770,100	+10,700	9,35,000	1,10,74,000	800,600	2,008,000	2,808,600	+49,200	+38,500
451,300	97,300	548,600	+23,600	8,78,000	58,82,000	450,700	85,500	536,200	+11,200	-12,400
...	...	...	...	3,04,000	...	20,300	...	20,300	+20,300	+20,300
303,800	23,100	326,900	+5,600	5,28,000	41,27,000	310,300	19,500	329,800	+8,500	+2,900
1,794,600	2,380,100	4,174,700	+42,200	66,23,000	2,10,83,000	1,847,100	2,381,200	4,228,300	+95,800	+53,600
556,000	200	556,200	-117,900	63,48,000	...	423,200	...	423,200	-250,900	-133,000
...
62,600	4,800	67,400	-8,400	13,93,000	...	92,600	1,000	93,900	+18,100	+26,500
304,000	...	304,000	+53,900	71,14,000	...	474,200	...	474,200	+224,100	+170,200
922,600	5,000	927,600	-72,400	1,48,55,000	...	990,300	1,000	991,300	-8,700	+63,700
21,890,500	6,475,400	28,365,900	-326,400	11,61,00,000	23,23,95,000	23,233,000	6,437,000	29,670,000	+977,700	+1,304,100

BUDGET ESTIMATE, 1902-1903.			
INDIA.		England.	TOTAL.
Amount in Rupees.	Equivalent in £ at Rs=41.	£	£
4,71,86,000	3,145,700	1,144,300	4,289,000
26,62,000	177,500	218,900	396,400
4,98,48,000	3,323,200	1,363,200	4,685,400

†† The following further sums, which are included under XXVI and 38.—State Railways, are chargeable to the grant for Famine Relief and Insurance as representing the net charge on the Revenues on account of Protective Railways constructed through the agency of Companies:—

	Accounts, 1902-1903.	Revised Estimate, 1901-1902.	Budget Estimate, 1902-1903.
Bengal-Nagpur Railway	₹ 9,523	72,400	8,700

Revenues of India, in India and in England—continued.

ESTIMATE, 1901-1902.			Increase + Decrease — of Revised, as compared with Budget Estimates, 1901-1902.	BUDGET ESTIMATE, 1902-1903.					Increase + Decrease — of Budget, 1902-1903, as compared with Budget Estimates, 1901-1902.	Increase + Decrease — of Budget, 1902-1903, as compared with Revised Estimates, 1901-1902.
Total India (converted into £ at Rs=£1).	England.	Total.		INDIA. (Rupee Figures.)		Total India (converted into £ at Rs=£1).	England.	Total.		
				Imperial.	Provincial and Local.					
£	£	£	£	₹	₹	£	£	£	£	
21,890,500	6,475,400	28,365,900	-326,400	11,61,00,000	23,23,95,000	23,233,000	6,437,000	29,670,000	+ 977,700	+ 1,304,100
9,429,400	...	9,429,400	+ 774,100	14,07,37,000	2,88,000	9,401,700	...	9,401,700	+ 746,400	- 27,700
3,040,100	1,147,800	4,187,900	+ 13,000	4,71,86,000	...	3,145,700	1,144,300	4,290,000	+ 113,100	+ 102,100
...	2,997,800	2,997,800	+ 2,600	...	...	...	2,999,700	2,999,700	+ 4,500	+ 1,900
151,400	218,900	370,300	- 4 100	26,13,000	49,000	177,500	218,900	396,400	+ 22,000	+ 26,100
35,500	1,042,500	1,078,000	- 51,100	2,72,000	47,000	21,200	1,174,400	1,195,600	+ 66,500	+ 117,600
157,300	...	157,300	+ 27,000	22,64,000	...	150,900	...	150,900	+ 20,600	- 6,100
7,000	1,009,500	1,016,500	...	1,63,000	...	10,900	1,029,300	1,040,200	+ 23,700	+ 23,700
27,500	...	27,500	- 33,700	16,07,000	1,92,000	119,900	...	119,900	+ 58,700	+ 92,400
95,700	...	95,700	+ 40,200	8,24,000	77,000	60,100	...	60,100	+ 4,600	- 35,600
12,943,900	6,416,500	19,360,400	+ 768,000	19,56,66,000	6,53,000	13,087,900	6,566,600	19,654,500	+ 1,062,100	+ 294,100
705,800	...	705,800	+ 9,400	69,00,000	41,69,000	737,900	...	737,900	+ 41,500	+ 32,100
944,100	...	944,100	- 5,200	88,58,000	56,89,000	969,800	...	969,800	+ 20,500	+ 25,700
717,900	1,700	719,600	- 40,200	58,30,000	78,64,000	913,000	1,700	914,700	+ 154,900	+ 195,100
2,367,800	1,700	2,369,500	- 36,000	2,15,88,000	1,77,22,000	2,620,700	1,700	2,622,400	+ 216,900	+ 252,900
872,400	35,000	907,400	+ 12,300	1,46,41,000	...	976,100	18,100	994,200	+ 99,100	+ 86,800
3,483,700	104,500	3,588,200	- 331,600	74,70,000	5,41,66,000	4,109,000	98,400	4,207,400	+ 287,600	+ 619,800
- 54,800	...	- 54,800	- 98,000	...	13,14,000	87,600	...	87,600	+ 44,400	+ 142,400
4,301,300	139,500	4,440,800	- 417,300	2,21,11,000	5,54,80,000	5,172,700	116,500	5,289,200	+ 431,100	+ 848,400
10,694,100	2,452,500	13,146,600	- 963,000	17,66,75,000	...	11,778,300	2,871,700	14,650,000	+ 510,400	+ 1,503,400
621,600	2,361,100	2,982,700	- 43,000	92,05,000	...	613,700	2,401,000	3,014,700	- 11,000	+ 32,000
11,315,700	4,813,600	16,129,300	- 1,006,000	18,58,80,000	...	12,392,000	5,272,700	17,664,700	+ 529,400	+ 1,535,400
- 9,200	100	- 9,100	- 9,100	...	...	...	...	...	...	+ 9,100
52,810,000	17,846,800	70,656,800	- 1,026,800	54,13,45,000	30,62,50,000	56,506,300	18,394,500	74,900,800	+ 2,217,200	+ 4,244,000
1,246,300	...	1,246,300	+ 1,399,600	...	53,000	3,500	...	3,500	- 1,185,500	- 2,585,100
29,300	...	29,300		...	2,95,74,000	1,371,600	...	1,371,600		
54,027,000	17,846,800	71,873,800	+ 372,800	54,13,45,000	28,57,29,000	55,138,200	18,394,500	73,532,700	+ 2,031,700	+ 1,658,900
REVISED ESTIMATE, 1901-1902.				BUDGET ESTIMATE, 1902-1903.						
INDIA.		England.	Total.	INDIA.		England.	Total.			
Amount in Rupees.	Equivalent in £ at Rs=£1.			Amount in Rupees.	Equivalent in £ at Rs=£1.					
₹	£	£	£	₹	£	£	£			
4,26,28,000	2,841,900	859,000	3,700,900	4,73,45,000	3,156,300	1,737,000	4,893,300			
81,97,000	546,500	7,000	553,500	99,20,000	661,400	5,300	666,700			
5,08,25,000	3,388,400	866,000	4,254,400	5,72,65,000	3,817,700	1,742,300	5,560,000			
...			

C.—Statement of Receipts and Disbursements of the

	ACCOUNTS, 1900-1901.			REVISED ESTIMATE, 1901-1902.			BUDGET ESTIMATE, 1902-1903.		
	India.	England.	Total.	India.	England.	Total.	India.	England.	Total.
	£	£	£	£	£	£	£	£	£
Revenue (from Statement A)	75,054,215	218,076	75,272,291	76,057,100	489,600	76,546,700	73,855,400	515,000	74,370,400
Excess of Revenue over Expenditure charged to Revenue.			1,670,204			4,672,900			837,700
Railway and Irrigation Capital not charged to Revenue—									
Capital raised through Companies towards outlay on State Railways (Net)	2,015,610	...	2,015,610	762,100	...	762,100	2,200,000	...	2,200,000
OUTLAY OF RAILWAY COMPANIES—									
Repayments NET	1,018,036	3,185	1,021,221	829,600	8,000	837,600	1,008,300	2,600	1,010,900
RAISED AND DEPOSITED BY RAILWAY COMPANIES—									
On account of Subscribed Capital NET	32,886	1,373,538	1,406,424	32,400	2,200,000	2,232,400	163,300	3,844,100	4,007,400
Permanent Debt Incurred—									
<i>Sterling Debt—</i>									
India Stock	...	3,000,000		...	2,009,500			1,500,000	
Debentures and Debenture Stock of the G. I. P. Ry.	...	5,922,350		...	...			...
<i>Rupee Debt—</i>									
Rupee Loan	2,000,000	...		666,700	...		1,000,000	...	
TOTAL NET	2,000,000	8,922,350	10,922,350	666,700	2,009,500	2,676,200	1,000,000	1,500,000	2,500,000
			10,827,153			2,582,000			1,041,200
Temporary Debt Incurred—									
Temporary Loans NET	301,942	5,500,000	5,801,942	...	4,000,000	4,000,000	...	4,000,000	4,000,000
Unfunded Debt—									
Deposits of Service Funds	102,149	...		102,500	...		103,500	...	
Savings Bank Deposits	2,897,507	...		3,199,100	...		3,095,300	...	
TOTAL NET	2,999,656	...	2,999,656	3,301,600	...	3,301,600	3,198,800	...	3,198,800
			394,870			572,900			543,100
Deposits and Advances—									
Balances of Provincial Allotments	214,953	...		1,246,300	...		3,500	...	
Appropriation for Reduction of Debt	...	...		304,000	...		474,200	...	
Excluded Local Funds	861,496	...		641,100	...		619,400	...	
Railway Funds	40,840	...		76,300	...		47,300	...	
Deposits of Sinking Funds	8,787	...		9,100	...		9,500	...	
Gold Reserve Fund	3,031,294	...		415,100	3,457,100		...	87,400	
Departmental and Judicial Deposits	16,709,801	...		15,770,600	...		15,502,800	...	
Advances	10,583,718	436,362		4,354,300	97,100		2,611,700	...	
Suspense Accounts	145,025	...		21,800	...		9,000	...	
Exchange on Remittance Accounts, net	860	...		...	...		...	...
Miscellaneous	19,904	4,163		...	...		...	...
TOTAL NET	31,616,678	449,525	32,057,203	22,838,600	3,554,200	26,392,800	19,281,400	87,400	19,368,800
			2,130,474			350,000			0
Carried over	115,039,023	16,457,674		104,488,100	12,261,300		100,707,200	9,949,100	

(a) Includes £1,939,000 remitted from India by means of Council Bills.

Government of India, in India and England.

	ACCOUNTS, 1900-1901.			REVISED ESTIMATE, 1901-1902.			BUDGET ESTIMATE, 1902-1903.		
	India.	England.	Total.	India.	England.	Total.	India.	England.	Total.
	£	£	£	£	£	£	£	£	£
Expenditure, Imperial and Provincial (from Statement B)	56,210,542	17,200,957	73,411,499	52,810,000	17,846,800	70,656,800	56,506,300	18,394,500	74,900,800
Add—Provincial Surpluses, transferred to "Deposits"	214,953	...	214,953	1,246,300	...	1,246,300	3,500	...	3,500
Deduct—Provincial Deficits charged to "Deposits"	24,365	...	24,365	29,300	...	29,300	1,171,600	...	1,171,600
TOTAL	56,401,130	17,200,957	73,602,087	54,027,000	17,846,800	71,873,800	55,138,200	18,394,500	73,532,700
Excess of Expenditure charged to Revenue, over Revenue—									
Railway and Irrigation Capital not charged to Revenue—									
OUTLAY ON IRRIGATION WORKS	582,606	7,877	590,483	546,500	7,000	553,500	661,400	5,300	666,700
OUTLAY ON STATE RAILWAYS	2,803,473	647,002	3,450,475	2,841,900	859,000	3,700,900	3,156,300	1,737,000	4,893,300
CHARGE INVOLVED IN REDEMPTION OF RAILWAY LIABILITIES—									
G. I. P. Railway	...	5,922,350	5,922,350	...	...	...	...	...	...
OUTLAY OF RAILWAY COMPANIES—									
Payments for Capital outlay	1,772,790	1,146,567	2,919,357	1,753,900	1,716,800	3,470,700	1,903,100	1,609,400	3,602,500
NET			1,898,136			2,633,100			2,591,600
RAISED AND DEPOSITED BY RAILWAY COMPANIES—									
Payments for discharge of Debentures	...	177,800	177,800	...	...	...	...	2,394,100	2,394,100
NET			0			0			0
Permanent Debt Discharged—									
Sterling Debt—									
India 4 p. c. Stock	...	...	...	...	200	...	...	...	...
G. I. P. Railway Debentures	...	...	...	...	...	...	...	1,368,800	...
Rupies Debt—									
4½ p. c. Loans	940	...	...	2,700	...	...	1,300	...	...
4 p. c. Loans	89,364	...	...	86,300	...	...	84,700	...	...
3½ p. c. Loans	4,893	...	...	4,900	...	...	4,000	...	...
Provincial Debenture	...	...	...	100	...	...	...	...	...
TOTAL	95,197	...	95,197	94,000	200	94,200	90,000	1,368,800	1,458,800
NET			0			0			0
Temporary Debt Discharged—									
Temporary Loans	...	5,000,000	5,000,000	301,900	5,000,000	5,301,900	...	4,000,000	4,000,000
NET			0			1,301,900			0
Unfunded Debt—									
Special Loans	954	...	...	...	...	...	...	...	...
Deposits of Service Funds	84,644	...	...	78,600	...	...	79,600	...	...
Savings Bank Deposits	2,519,188	...	...	2,650,100	...	...	2,576,100	...	...
TOTAL	2,604,786	...	2,604,786	2,728,700	...	2,728,700	2,655,700	...	2,655,700
NET			0			0			0
Deposits and Advances—									
Balances of Provincial Allotments	24,365	...	...	29,300	...	...	1,371,600	...	...
Excluded Local Funds	873,941	...	...	636,700	...	...	617,300	...	...
Railway Funds	50,382	...	...	57,100	...	...	52,700	...	...
Sinking Funds	...	...	...	...	...	...	...	...	...
Gold Reserve Fund	1,700,000	...	...	2,246,400	3,457,100	...	...	87,400	...
Departmental and Judicial Deposits	16,612,073	...	...	15,654,900	...	...	15,579,100	...	...
Advances	10,664,197	421,952	...	3,781,300	103,300	...	2,637,600	...	...
Suspense Accounts	66,656	...	...	63,900	...	...	2,200	...	...
Exchange on Remittance Accounts, net	...	...	...	1,000	...	...	...	...	...
Miscellaneous	13,163	...	...	10,800	1,000	...	...	...	...
TOTAL	29,504,777	421,952	29,926,729	22,481,400	3,561,400	26,042,800	20,260,500	87,400	29,347,500
NET			0			0			979,100
Carried over	93,764,759	309,117	94,073,876	84,775,300	28,991,200	113,766,500	83,955,200	29,596,500	113,551,700

C.—Statement of Receipts and Disbursements of the

	ACCOUNTS, 1900-1901.			REVISED ESTIMATE 1901-1902.			BUDGET ESTIMATE, 1902-1903.		
	India.	England.	Total.	India.	England.	Total.	India.	England.	Total.
	£	£	£	£	£	£	£	£	£
Brought forward . . .	115,039,023	16,457,674		104,488,100	12,261,300		100,707,200	9,949,100	
Loans and Advances by Imperial Government . . .	281,834	...	281,834	208,800	...	208,800	211,200	...	211,200
NET . . .			0			0			0
Loans and Advances by Provincial Governments . . .	660,536	...	660,536	659,100	...	659,100	656,200	...	656,200
NET . . .			0			0			0
Capital Account of Local Boards . . .	27,088	...	27,088	12,100	...	12,100	...	...	...
NET . . .			12,694			0			
Remittances— Inland Money Orders . . .	19,028,039	...		19,666,700	...		20,333,300	...	
Other Local Remittances . . .	46,007	...		1,327,000	...		993,400	...	
Other Departmental Accounts . . .	321,834	...		461,400	...		475,100	...	
Net Receipts by Civil Treasuries from— Post Office . . .	436,790	...		520,000	...		440,000	...	
Telegraph . . .	46,100	...		46,000	...		...	...
Guaranteed Railways . . .	1,358,114	...		979,500	...		1,312,500	...	
Public Works . . .	1,041,491	...		3,582,500	...		1,777,300	...	
Net Receipts from Civil Treasuries by— Telegraph . . .	...	...		...	...		62,700	...	
Marine . . .	695,600	...		557,900	...		329,900	...	
Military . . .	11,416,845	...		11,398,600	...		11,793,900	...	
Public Works . . .	...	...		...	...		...	...
Remittance Account between England and India— Railway transactions . . .	1,449,063	2,044,760		1,600,500	778,100		1,910,000	2,353,000	
Other " . . .	7,766,604	7,878,485		1,449,600	3,209,200		303,500	1,288,500	
TOTAL . . .	43,606,577	9,993,254	53,529,831	41,589,700	3,987,300	45,577,000	39,731,600	3,641,500	43,373,100
NET . . .			0			1,055,800			562,400
Secretary of State's Bills drawn . . .	...	13,300,277	13,300,277	...	16,600,000 ^(a)	16,600,000	...	16,500,000	16,500,000
TOTAL RECEIPTS . . .	159,715,058	39,681,205		146,957,800	32,848,600		141,306,200	30,090,600	
Opening Balance . . .	8,425,827	3,330,943		10,598,981	4,091,926		12,045,681	5,848,426	
GRAND TOTAL . . .	168,040,885	43,012,148		157,556,781	36,940,526		153,351,881	35,939,026	

(a) In addition to £1,939,000 for remittance of the Gold Reserve Fund.

H. J. BRERETON,
Deputy Comptroller General.FORT WILLIAM,
FINANCE AND COMMERCE DEPARTMENT;
March 19, 1902.

Government of India, in India and in England—continued.

	ACCOUNTS, 1900-1901.			REVISED ESTIMATE, 1901-1902.			BUDGET ESTIMATE, 1902-1903.		
	India.	England.	Total.	India.	England.	Total.	India.	England.	Total.
	£	£	£	£	£	£	£	£	£
Brought forward	93,764,759	30,524,505		84,775,300	28,991,200		83,955,200	29,596,500	
Loans and Advances by Imperial Government	2,739,103	...	2,739,103	701,700	...	701,700	529,100	...	529,100
NET			2,457,269			492,900			317,900
Loans and Advances by Provincial Governments	1,429,732	...	1,429,732	759,800	...	759,800	678,900	...	678,900
NET			769,196			100,700			22,700
Capital Account of Local Boards	14,394	...	14,394	107,100	...	107,100	...	...	...
NET	...		0			95,000			
Remittances—									
Inland Money Orders	19,021,268	...		19,666,700	...		20,333,300	...	
Other Local Remittances	...	...		1,322,100	...		993,400	...	
Other Departmental Accounts	337,791	...		461,400	...		475,100	...	
Net payments into Civil Treasuries by—									
Post Office	436,783	...		520,000	...		440,000	...	
Telegraph	42,724	...		46,000	...		...	...
Guaranteed Railways	1,358,114	...		979,500	...		1,312,500	...	
Public Works	949,263	...		3,382,500	...		1,777,300	...	
Net Issues from Civil Treasuries to—									
Telegraph	...	...		...	...		62,700	...	
Marine	702,442	...		557,900	...		329,900	...	
Military	11,416,845	...		11,398,600	...		11,793,900	...	
Public Works	...	...		...	...		...	...
Remittance Account between England and India—									
Railway transactions	2,041,265	1,452,567		778,100	1,600,500		2,353,000	1,910,000	
Other	10,362,931	6,943,150		3,307,500	500,400		647,800	381,800	
TOTAL	46,669,426	8,395,717	55,065,143	42,420,300	2,100,900	44,521,200	40,518,900	2,291,800	42,810,700
NET			1,535,312			0			0
Secretary of State's Bills paid	12,824,490	...	12,824,490	(a) 16,746,900	...	16,746,900	16,837,400	...	16,837,400
TOTAL DISBURSEMENTS	157,441,904	38,920,222		145,511,100	31,092,100		142,519,500	31,888,300	
Closing Balance	10,598,981	4,091,926		12,045,681	5,848,426		10,832,381	4,050,726	
GRAND TOTAL	168,040,885	43,012,148		157,556,781	36,940,526		153,351,881	35,939,026	

(a) In addition to £1,939,000 for payment from the Gold Reserve Fund.

A. F. COX,
Comptroller General.

J. F. FINLAY,
Secretary to the Government of India.

FINANCIAL STATEMENT OF THE

D.—Account of Provincial and Local Savings charged to Revenue, and held at the disposal of Provincial Governments under their Provincial Settlements.

Provincial and Local Balances.

NOTE.—These balances do not include the Balances of Deposits and Advances upon Local Fund Accounts.

	India.	Central Provinces.	Burma.	Assam.	Bengal.	United Provinces of Agra and Oudh.	Punjab.	N. W. Frontier Province.	Madras.	Bombay.	TOTAL.	Equivalent in £ at R15 = £1.
	R	R	R	R	R	R	R	R	R	R	R	£
Accounts, 1900-1901.												
Balance at end of 1899-1900 . . .	1,03,121	2,81,476	1,27,18,073	8,78,345	60,60,863	56,22,860	12,86,312	...	35,00,064	22,73,465	3,27,24,579	2,181,639
Added in 1900-1901 . . .	16,902	...	15,22,014	...	4,92,870	9,31,406	39,097	...	2,22,018	...	32,24,307	214,953
Spent in 1900-1901 . . .	...	1,61,516	...	1,91,821	...	...	...	...	...	12,142	3,65,479	24,365
Balance at end of 1900-1901 . . .	1,20,023	1,19,960	1,42,40,087	6,86,524	65,53,733	65,54,266	13,25,409	...	37,22,082	22,61,323	3,55,83,407	2,372,227
Revised Estimate, 1901-1902.												
Balance at end of 1900-1901 (by Accounts) . . .	1,20,023	1,19,960	1,42,40,087	6,86,524	65,53,733	65,54,266	13,25,409	...	37,22,082	22,61,323	3,55,83,407	2,372,227
Added in 1901-1902 . . .	18,000	27,15,000	11,02,000	...	9,31,000	...	23,64,000	18,000	47,05,000	68,42,000	1,86,95,000	1,246,300
Spent in 1901-1902 . . .	...	...	...	78,000	...	3,62,000	...	...	...	...	4,40,000	29,300
Balance at end of 1901-1902 . . .	1,38,023	28,34,960	1,53,42,087	6,08,524	74,84,733	61,92,266	36,89,409	18,000	84,27,082	91,03,323	5,38,38,407	3,589,227
Budget Estimate, 1902-1903.												
Balance at end of 1901-1902 (by Revised Estimate) . . .	1,38,023	28,34,960	1,53,42,087	6,08,524	74,84,733	61,92,266	36,89,409	18,000	84,27,082	91,03,323	5,38,38,407	3,589,227
Added in 1902-1903 . . .	...	...	...	53,000	...	...	...	...	...	...	53,000	3,500
Spent in 1902-1903 . . .	13,000	9,55,000	51,30,000	...	27,12,000	23,78,000	15,80,000	34,000	41,54,000	36,18,000	2,05,74,000	1,371,600
Balance at end of 1902-1903 . . .	1,25,023	18,79,960	1,02,12,087	6,61,524	47,72,733	38,14,266	21,09,409	-16,000	42,73,082	54,85,323	3,33,17,407	2,221,127

H. J. BRERETON,
Deputy Comptroller General:

A. F. COX,
Comptroller General.

J. F. FINLAY,
Secretary to the Government of India.

FORT WILLIAM,
FINANCE AND COMMERCE DEPARTMENT;
March 19, 1902.

E.—Statement of Net Revenue and Expenditure—India and England.
Part I.—Income.

REVENUE.	Accounts, 1900-1901.		Revised Estimate, 1901-1902.		Budget Estimate, 1902-1903.	
	£	£	£	£	£	£
I.—Land Revenue, etc.:						
1. Land Revenue	17,472,260		18,422,100		17,755,300	
2. Forest	1,293,452		1,188,600		1,287,600	
3. Tributes from Native States	577,033		591,200		600,600	
Deduct,—	19,342,745		20,207,900		19,649,500	
Assignments	742,643		741,200		755,700	
NET	—	28,600,708	—	19,466,700	—	28,893,800
II.—Opium, Net Receipts	3,316,073		3,245,400		2,455,400	
Deduct,—						
Assignments	3,410		3,400		3,400	
NET	—	3,312,663	—	3,242,000	—	2,452,000
III.—Taxation:						
1. Salt	5,916,436		5,973,300		5,951,700	
2. Stamps	3,304,786		3,157,200		3,441,000	
3. Excise	3,920,459		4,009,900		4,102,100	
4. Provincial Rates	2,559,474		2,741,500		2,731,100	
5. Customs	3,285,945		3,745,700		3,529,200	
6. Assessed Taxes	1,313,731		1,364,000		1,357,300	
7. Registration	311,758		316,500		312,300	
Deduct,—	20,642,589		21,668,700		21,424,700	
Assignments	275,879		290,400		281,400	
NET	—	20,366,710	—	21,378,300	—	21,143,300
IV.—Miscellaneous Receipts (i.e., Mint, Exchange and Miscellaneous)	—	63,272	—	103,200	—	—74,800
Excess of Expenditure over Income	—	42,342,746	—	44,190,200	—	42,414,300
		42,342,746		44,190,200		42,414,300

Part II.—Expenditure.

CHARGES.	Accounts, 1900-1901.		Revised Estimate, 1901-1902.		Budget Estimate, 1902-1903.	
	£	£	£	£	£	£
I.—Debt Services	—	1,487,467	—	1,177,400	—	1,150,900
II.—Military Services:						
1. Army	14,265,525		15,224,100		16,775,500	
2. Military Works	747,187		870,700		958,100	
3. Special Defence Works	6,864		—9,100		—	
TOTAL	—	15,019,576	—	16,085,700	—	17,733,600
III.—Collection of Revenue:						
1. Land Revenue, including District Administration	2,815,599		2,865,700		3,065,500	
2. Forest	730,164		709,200		824,000	
3. Other Heads	988,948		1,009,000		1,095,200	
TOTAL	—	4,534,711	—	4,581,900	—	4,984,700
IV.—Commercial Services:						
<i>Net Expenditure—</i>						
Railway	—		28,100		112,800	
Telegraph	—		28,100		113,800	
<i>Deduct—Net Receipts—</i>						
Railway	325,124		817,700		294,900	
Irrigation	235,592		206,100		74,300	
Post Office	134,942		95,200		23,100	
Telegraph	113,129		—		—	
NET	808,787	—808,787	1,119,000	—1,090,900	392,300	—278,500
V.—Civil Services:						
1. Civil Departments	9,728,546		9,919,300		10,864,100	
2. Miscellaneous Civil Charges	3,501,033		3,592,800		3,625,400	
3. Famine Relief and Insurance	4,156,344		927,600		991,300	
4. Construction of Railways (charged to Provincial or Local Revenues)	—822		—54,800		87,600	
5. Civil Works	2,863,886		3,161,300		3,785,600	
Add or Deduct,—	20,248,987		17,546,200		19,354,000	
Provincial Surplus or Deficit	190,588		1,217,000		1,368,100	
TOTAL	—	20,439,575	—	18,763,200	—	17,985,900
Excess of Income over Expenditure	—	40,672,542	—	39,517,300	—	41,576,600
		1,670,204		4,672,900		837,700
		42,342,746		44,190,200		42,414,300

H. J. BRERETON,
 Deputy Comptroller General.

A. F. COX,
 Comptroller General

J. F. FINLAY,
 Secretary to the Government of India.

PORT WILLIAM,
 FINANCE AND COMMERCE DEPARTMENT;
 March 19, 1902.

APPENDIX II.

Memorandum by the Hon'ble Major-General Sir Edmond Elles,
K.C.B., on Military, Military Works, and Marine Expenditure
for the years 1901-1902 and 1902-1903.

The estimates with which the Military and Marine Department of the Government of India is concerned are :—

- I.—The Indian Military Estimates.
- II.—The Home (India) Military Estimates.
- III.—The Military Works Estimates.
- IV.—The Marine Estimates.

I will deal with them in this order.

2. Taking the Indian and the Home (India) Military Estimates together, the net expenditure in 1902-1903 will, it is estimated, exceed that provided in the Budget for 1901-1902 by £429,800. This includes £226,000 on account of the increase in the pay of the British soldier which His Majesty's Government propose to make.

I would here explain that from the 1st April His Majesty's Government proposed to increase the pay of the soldier by 2*d.* a day, the idea being to relieve him of stoppages. On the 1st April 1904 a further increase of 6*d.* a day will be granted, but good-conduct pay and musketry prizes will be abolished. Under the new conditions of enlistment, men will be enlisted first for three years' colour service, but after two years' service they will be given the option of volunteering to prolong their service to seven or eight years, receiving 6*d.* extra under certain conditions. It is apparent that all the army in India will be on the increased scale of pay, entailing an extra charge of £226,000 in the two ensuing financial years, and an additional charge of £560,000 per annum afterwards. These are the proposals of His Majesty's Government which, it is presumed, will come into operation after they have received the sanction of the House of Commons.

3. Before dealing with the estimates in detail I wish to refer to the measures which have been taken during the present year for improving the efficiency of the army, and which we propose to continue or initiate in the ensuing financial year.

In his memorandum on the Budget for 1900-1901, Sir Edwin Collen divided the various measures for improving the Army into the following heads: Field Army, Frontier Defence, Frontier Railway, Internal Defence, Coast Defence, Ordnance Factories, and general requirements; and it will be convenient to follow this division.

Field Army.—The measures mentioned by my honourable predecessor to be carried out in the present year have made good progress and should be nearly completed, but owing to the war in South Africa it is difficult to obtain warlike stores as fast as we require them: as an instance, I may say that out of 62,000 rifles ordered for this year, only 32,000 have been yet received.

Out of the 133 officers for the Staff Corps mentioned last year, the Secretary of State sanctioned 128; these have been appointed to British regiments and will join the Staff Corps in due course. The mounted infantry schools have been established, and an excellent stamp of animal has been obtained for them.

In November 1900, the Secretary of State sanctioned certain measures for the reorganization of the transport in India. Effect has been given to this sanction during the past year. Twelve cadres of pack mules have been organized with their full complement of officers and non-commissioned officers and are now capable of rapid expansion in time of need into full corps of 840 mules

each. The experiment of forming cadres of camels, whose owners serve on the silladar system, has been put into execution. Nine such cadres have been formed, which can, in time of war, be expanded in a short space of time into complete corps of 1,063 camels each. Two cadres have also been formed of pony carts, which, when expanded on mobilization by the purchase of additional ponies, will give us two full cart trains of 1,164 ponies and 580 carts each. These measures give us a nucleus of efficiently organized transport, which, though very small when compared with the total needs of the army, is nevertheless superior to anything which we have previously had. We hope to extend this valuable organization before long to the rest of our standing transport, which is as yet not fully prepared for war.

In accordance with the general scheme of transport organization other measures have been pursued which will, we hope, greatly facilitate the collection of animals for employment in future campaigns. A number of officers are engaged in preparing a reliable census of suitable transport animals throughout Northern India, and this will enable the requirements of the army in war to be spread over the whole country, a suitable quota being drawn from each district.

Frontier Defence.—The Khushalgarh-Kohat-Thal Railway has made good progress and has afforded an excellent field of training in railway construction for the Pioneer regiments and companies of Sappers and Miners.

Ordnance Factories.—The new lyddite-filling factory at Kirkee is in working order, and the cordite factory and central carriage factory have made good progress during the year. An officer was deputed to England in connection with the new rifle factory at Ishapur.

To turn to the measures for which we have made provision in 1902-1903.

Field Army.

Re-armament.—The re-armament of the field army will be completed from the rifles due on this year's (1901-1902) indent.

Ambulance Bearer Corps.—An important requirement in the nature of transport for field service is the Indian dooly-bearer. Of late years it has been most difficult to obtain men of the right physique and class, and the Secretary of State has sanctioned the organization of an Ambulance Bearer Corps under the medical authorities, 6,000 strong. The cost will be ₹3,25,700 a year in addition to initial charges of ₹72,400.

Additional Officers.—The necessity of a further increase of Staff Corps officers having been recognised, it has been decided to add 64 more officers to the establishment, *viz.*, one to each regiment of the field army. The cost of this measure for a whole year will be about ₹3,00,000, half of which sum only has been entered in the estimates of 1902-1903.

Reorganization, Madras Army.—Experience having shown that suitable recruits to maintain the 25 Madras infantry battalions cannot be obtained from within the limits of that Command, proposals were, on the 7th November 1901, submitted to the Secretary of State for India for the reconstitution of ten battalions of Madras infantry from the fighting races of Northern India. These proposals have been sanctioned and orders for the reconstitution of four regiments to begin with will be issued shortly. Another regiment of Madras infantry (the 11th Madras Infantry) is being reconstituted as a regiment of Coorgs, this class being enlisted as an experimental measure.

With a view to improving the Madras cavalry and owing to the difficulty of obtaining a sufficient Mahomedan element in Madras, the field of recruitment is also to be enlarged. One regiment is to be reconstituted and will be composed of three squadrons, the material for which will be drawn from Northern and Central India, and of one squadron of Madras Mussalmans. The question of the reconstitution of the two other cavalry regiments will be taken up when the results in the case of the reconstituted regiment have been tested.

Engineers.—It is proposed to augment the engineer arm in India, *viz.*, (i) to add two companies to the strength of the Bombay Sappers and Miners; (ii) to form a fortress company of Sappers and Miners for service at Aden; (iii) to raise a railway company of Sappers and Miners to be employed permanently with a railway administration in peace time, but available for railway work at the front in war. The cost of these three measures has been taken at approximately ₹1,45,000, ₹24,300, and ₹33,500 respectively, and provision to the extent of two lakhs has been made in the estimates of 1902-1903.

Improvement of Organisation of Horse and Field Artillery.—A scheme for the improvement of organisation of Horse and Field Artillery was forwarded to the Secretary of State in October 1901, and in anticipation of sanction Rs. 5,40,000 have been included in the Military Estimates of 1902-1903 and Rs. 4,00,000 in Military Works Estimates. Rs. 76,100 have also been provided in the estimates on account of the Brigade division staffs, which constitute a part of the scheme.

Addition of three howitzer batteries to the Army in India.—The estimated cost of adding three howitzer batteries to the Army in India, sanctioned by the Secretary of State in February 1901, is Rs. 29,31,655 initial and Rs. 12,31,620 annual military, and Rs. 16,00,000 Military Works. For the next year provision has been

* $3,91,604 \div 11,72,406 + 2,48,015$ (extra for Home expenditure) = 18,12,115.

made on account of the howitzer batteries to the extent of Rs. 18,12,115* initial and Rs. 4,82,605 recurring, besides Rs. 2,00,000 in the Military Works Estimates.

Corps of Native garrison artillery for frontier posts.—The Secretary of State's sanction to the formation of a corps of Native garrison artillery for frontier posts is being asked for. The estimated cost of the corps is initial military Rs. 18,800, recurring military Rs. 62,300, and Military Works for accommodation Rs. 50,000. It is proposed to raise the corps in two years, but that all building requirements should be met in 1902-1903. A sum of Rs. 40,550 has been provided in the Military Estimates of 1902-1903 and Rs. 50,000 in the Military Works Estimates.

Bandolier Equipment.—Owing to the pattern of bandolier not being decided by the War Office, it was found impracticable to supply it to the army in 1901-1902, and two lakhs have been entered in the Budget for 1902-1903, in order to commence the issue.

Hospital Train.—The success of hospital trains in South Africa has decided the Government to supply a hospital train for India at a cost of Rs. 1,97,000.

Machine guns.—A further addition will be made to the machine guns already supplied for the field army; twenty will be obtained at a cost of one lakh.

Kushalgarh-Kohat Railway.—The Kushalgarh-Kohat-Thal line will be proceeded with. The rails are now laid into Kohat and the earthwork onwards to Thal is nearly completed. Frontier Defence.

Chitral communication.—The post at Dargai which will defend the railway terminus will be completed. The bridge over the Swat River at Chakdara, to replace the temporary field bridge built in 1895, will, it is hoped, be pushed well forward, and the bridge over the Kabul River at Nowshera will be commenced, thus strengthening our power of offence or defence on this section of the Frontier.

Re-armament.—Much misapprehension appears to exist regarding the policy of the Government of India as to re-arming the volunteers. It has been held that the first requirement is the native army. This will be very shortly completed, and it is then proposed to undertake the re-armament of the volunteers with the '303 rifle or carbine. Owing to the limited capacity of the outturn in rifles, it is impossible to get more than a certain number annually. Provision has been made for 50,000 rifles at a cost of 34 lakhs, and 15 lakhs has been allotted for ammunition. Internal Defence.

Railway Bridges.—A small provision is made of one lakh for continuing the policy of defending bridge-heads, and two lakhs have been allotted towards furnishing roadways over railway bridges at rail level.

Ammunition, etc.—Further provision is made to the extent of $4\frac{1}{2}$ lakhs for cordite ammunition for B.-L. guns; and another $4\frac{1}{2}$ lakhs towards providing the home scale of ammunition for guns of coast defence in view to supplying them with armour-piercing projectiles and lyddite shell capable of being effective against modern war ships. The installation of the electric lights at Karachi and Rangoon will be completed, and those for the Bombay defences taken in hand. Ammunition for the 4.7-inch guns for the Royal Indian Marine cruiser *Hardinge* will be supplied at the cost of one lakh. Coast Defence.

The difficulty of obtaining war material with England at war has shown conclusively that the policy of making India self-supporting as far as possible in warlike stores is the soundest we can pursue. In this view allotments have been made up to the limit to which money can be spent. On the cordite factory Ordnance Factories.

three lakhs is allotted for machinery and six lakhs for Military Works, and we hope that it will be in working order early in 1904. For the Gun-Garriage Factory an equal amount of six lakhs is allotted. For the Ishapore Rifle Factory a first allotment of seven lakhs, Military, and two lakhs, Military Works, has been made, and the establishment of the factory will be pushed on as rapidly as possible.

General requirements.

Amongst these measures, I may briefly enumerate the following:—

An addition of ten officers and other improvements in the Military Accounts Department by which we hope to improve supervision and lessen clerical labour. This involves expenditure of ₹1,34,000 eventually and ₹85,000 next year.

The improvement of the Army Hospital Corps or servants who attend on soldiers in hospitals is urgently required. The classes now employed are very inferior, the establishment is always deficient, and it is found impossible to get respectable men on the present rates of pay. We propose to spend ₹92,000 on improving this service in 1902-1903, as well as ₹50,000 on quarters.

An increase in the reserve of military hospital assistants from 15 to 20 per cent costing ₹45,000 for Military Works and ₹5,700 in the Military Estimates. An increased scale of ammunition for Native cavalry for practice from 80 to 130 rounds is shown to be urgently required as a result of South African experience, this involves ₹80,000 annually.

The progress of accommodation for mounted infantry necessitates a further outlay of two lakhs. An addition to the Ordnance Department of eight officers as a leave reserve is a necessity at a cost of ₹48,000. Further experiments are being made in electric-lighting and punkah-pulling in the barracks of British troops. Mr. Preece, an electrician selected by the Secretary of State, was engaged by the Indian Government for six months to advise generally regarding installations. He completed his work in January and has submitted his report which will be considered. Meantime ₹2,34,000 are being especially allotted to continue experiments.

The completion of accommodation for troops withdrawn from frontier posts is very desirable and ₹6,44,000 have been allotted for this purpose at Nowshera, Abbottabad, and Dera Ismail Khan.

The necessity for improving the popularity of service in the Supply and Transport Corps has been seriously considered during the year. In response to the urgent advice of the Director-General the above title has been adopted as one more likely to be attractive than that of "Commissariat Department," and the Secretary of State has agreed to certain improvements in the pay and prospects of the officers, costing ₹62,000 a year.

The general efficiency of this service will also, we trust, be increased by the appointment of four Inspectors for the more effectual supervision of expenditure; by a further addition of eight officers to the supply branch, both of which have been sanctioned; and by an addition of 43 British non-commissioned officers to the same branch, to which the Secretary of State has been asked to agree. The cost of the latter measure will be ₹80,000 annually as well as an initial outlay for quarters and equipment of ₹2,68,000.

The Secretary of State has also sanctioned an increase to the Army Nursing Service, a corps which has proved of immense value to the British Army in India. The increase is to amount to 39 in number, but it will be limited next year to three superintendents and thirteen nursing sisters. The cost of this will be ₹18,900 in India in the first year.

General remarks.

The Indian Army has during the past year continued to provide as fully as possible for Imperial requirements both in China, South Africa, and the Colonies. Five new battalions have been raised in order to provide for colonial garrisons and we are still supplying the garrison of occupation in China.

In December 1900, a special committee was appointed for the purpose of investigating the whole system under which the accounts of the army and its departments are prepared and rendered to the Military Accounts Department, and finally disposed of. Their investigations which lasted for nine months have been completed, and their report submitted. Their recommendations and proposals are far-reaching, and great simplification and reduction of work, all round, will result from their adoption. The decisions are being promulgated in a separate resolution of Government.

I.—Indian Military Estimates.

Revised Estimates, 1901-1902.

4. The revised Indian Military estimates for 1901-1902, compared with the budget for the year, show a net saving of $\text{₹}1,04,54,000$ caused by an increase in receipts of $\text{₹}15,87,000$ and a decrease in expenditure of $\text{₹}88,67,000$.
- | | |
|--|--|
| <p>Comparison—
Revised for 1901-1902
and
Budget for 1901-1902.</p> | |
|--|--|

5. The increase in receipts is chiefly due to credits on account of the value of horses and stores sent from India, the cost of which is debitable to the Imperial Government.

6. The more important causes which have led to the decrease in expenditure have been the following:—

(a) The absence of the Indian Contingent in South Africa secures a saving of $\text{₹}71,50,000$.

(b) A saving of $\text{₹}40,00,000$ accrues owing to the employment of the force in China.

(c) The difference between the credits taken by debit to Imperial Government for the value of local stores issued from stock and the amounts likely to be spent on their replacement during the financial year accounts for a net decrease of $\text{₹}9,00,000$.

(d) Lapses to the extent of $\text{₹}4,46,000$ are anticipated in the sums specially provided for bandolier equipment, maxim guns, stores for howitzer batteries, Grenfell sights, and for the re-armament of the Native army. Smaller purchases of remounts and ordnance mules account for a decrease of $\text{₹}2,50,000$.

(e) $\text{₹}7,61,000$ was included in the Indian estimates to cover certain items of expenditure at home. This will not be spent in India.

(f) A credit of $\text{₹}5,00,000$ has been taken for the value of stores issued from stock to the Colonies, and to the five Native infantry regiments recently raised in India to replace those sent to the Colonies.

(g) Smaller expenditure is anticipated to the extent of (i) $\text{₹}6,00,000$ for supply and transport, (ii) $\text{₹}8,00,000$ for regimental pay and allowances, (iii) $\text{₹}7,00,000$ for medical establishments, supplies and services, (iv) $\text{₹}5,00,000$ in the Ordnance Department, and (v) $\text{₹}4,00,000$ for charges under the heads army and garrison staff, remounts, clothing, and barrack supplies and services.

(h) The special provision of $\text{₹}3,70,000$ made on account of 92 additional Staff Corps officers will not be required.

(i) Short strength of British and Native troops owing to ordinary fluctuations and less expenditure on food supplies together account for a decrease of $\text{₹}5,00,000$.

(j) Transfer to the Military Works budget of the provision of $\text{₹}2,84,000$ made in the Military Estimates for railway works and water-supply for mobilisation rest camps.

(k) Savings in the provision for mounted infantry schools, and for the addition of one British officer to each Native infantry regiment are expected to accrue to the extent of $\text{₹}4,00,000$.

(l) A sum of $\text{₹}1,56,000$ has been appropriated from the Indian Estimates to meet the cost of demands from home.

(m) The employment of officers and others on plague duty relieves the Military Estimates of $\text{₹}1,05,000$, while the lapse of the special provision for the improvement of the sanitation of the Rangoon Cantonment sudder bazaar results in a saving of $\text{₹}1,04,000$.

7. On the other hand, there have been increases in expenditure, the more important of which are the following:—

(a) The grant of special bounties and gratuities to British soldiers for extension of their service in India accounts for an increase of $\text{₹}60,86,000$. A moiety of this is recoverable from the War Office, and will form a credit in the home accounts, the other being met from China and South Africa savings.

(b) Cost of special expenditure to be incurred in India against the Military Estimates from savings due to the absence of troops in China and South Africa ($\text{₹}18,06,000$).

(c) Additional expenditure to the extent of ₹15,89,000 is anticipated on account of military operations and special services due chiefly to the blockade operations against the Mahsud-Waziris.

(d) Increased sea transport charges due chiefly to conveyance of details to England, ₹4,86,000.

Estimates, 1902-1903.

8. The estimates for 1902-1903, in the net, amount to ₹17,80,25,000 or to ₹72,67,000 more than the Budget for 1901-1902. This is due to an increase in receipts of ₹10,000 and an increase in expenditure of ₹72,77,000.

Comparison—
Budget for 1901-1902
and
Budget for 1902-1903.

9. The more important causes of increase in expenditure are the following:—

(a) A sum of ₹33,90,000 has been added in consequence of the increase in the pay of the British soldier.

(b) A sum of ₹5,25,000 has been provided to meet the cost of sending a contingent of volunteers and Native troops to England for the Coronation, and a further sum of ₹8,50,000 in connection with the Coronation Assemblage at Delhi in January next.

(c) Larger provision to the extent of ₹4,35,000 appears for howitzer batteries, while a sum of ₹5,40,000 has been entered for the improvement of Horse and Field Artillery.

(d) There is an increase of ₹5,38,000 for purchase of additional remounts chiefly to replace those sent to South Africa, and of ₹5,60,000 for the requirements of the Ordnance Department.

(e) Provision for the whole year instead of for six months only as in 1901-1902, for one additional British officer to each regiment of Native infantry, and provision in part for a further addition of one British officer to each regiment of Native infantry causes an increase of ₹4,50,000.

(f) Increased expenditure to the extent of ₹5,62,000 is anticipated for conveyance of troops and stores, for the maintenance of animals at grass farms, and for the completion of the authorised reserve of fodder.

(g) In connection with the formation of the new Army Bearer Corps, a special provision of ₹2,50,000 has been made.

(h) A hospital train is to be provided at a cost of ₹1,97,000, and two companies are to be added to the Bombay Sappers and Miners, for which ₹1,45,000 have been provided.

(i) The acquisition of land for a grass rukh and lines for Native troops at Nowshera account for an increase of ₹2,14,000.

10. Among other causes of increased expenditure may be mentioned the following: Larger payments of exchange compensation allowance (₹1,06,000), capitation and travelling allowances to Presbyterian and Wesleyan ministers which were formerly a civil charge (₹89,000); Brigade Division Staff, Royal Horse and Field Artillery (₹76,000); measures to popularise and improve the Supply and Transport Corps (₹1,00,000); addition of officers to the Military Accounts Department (₹85,000); improvement of the Army Hospital Corps (₹92,000); increased scale of cavalry ammunition (₹80,000).

11. Against the foregoing increases, there will be a partial set-off by reason of certain decreases, the more important of which are:—

(a) There is no provision as in 1901-1902 of ₹10,60,000 for purchase of siege-train bullocks, and mules from China, Persia, and Abyssinia.

(b) The amount added to the Indian estimates to meet expenditure at home is ₹4,68,000 less than that provided in 1901-1902.

(c) A decrease of ₹3,00,000 is anticipated for regimental pay and allowances and of ₹1,52,000 for barrack supplies.

(d) A special provision of ₹2,84,000 was made in 1901-1902 for railway works and water-supply for mobilisation rest-camps. This has not been repeated.

II.—Home (India) Military Estimates.

Revised Estimates, 1901-1902.

12. The next set of estimates with which the Military Department is concerned is the home estimate for army effective and non-effective charges. The Home Budget Estimates for 1901-1902 provided for a gross expenditure of £5,228,500, while in the Revised Estimates provision has been made to the extent of £4,813,600 or £414,900 less than the Budget Estimate.

13. This decrease of £414,900 in the Revised Estimate is due to the repayment by the War Office to India of £134,000 estimated on account of a moiety of the bounty paid in India to soldiers of the British forces for renewing their service and to the absence of troops in South Africa; there will be a further adjustment under this heading owing to the large number of men who have accepted bounty; to furlough allowances and voyage pay of British forces serving in India; and to less charges on account of Indian reliefs under the head "Indian Troop Service" brought about by the war in South Africa; to smaller expenditure on account of furlough allowances of officers of the Indian service; to less expenditure for clothing stores; to less payments to the War Office for retired pay, etc., of British forces for service in India owing chiefly to a refund of £32,718 due in respect of the year 1900-1901; and to smaller charges for pay and pensions of non-effective and retired officers of the Indian service. These decreases are partly counterbalanced by larger expenditure on account of Ordnance and Commissariat stores.

The net figures of the Revised Estimate show a decrease of £424,500 on those of the Budget Estimate for 1901-1902, due to less expenditure of £414,900 as explained above, and an increase in receipts of £9,600.

Estimates, 1902-1903.

Comparison—
Budget for 1901-1902
and
Estimate for 1902-1903.

14. The receipts and expenditure for 1902-1903 are as follows:—

	Receipts.	Expenditure.	Net expenditure.
	£	£	£
Effective	341,600	2,871,700	2,530,100
Non-effective	24,000	2,401,000	2,377,000
TOTAL	365,600	5,272,700	4,907,100

15. The receipts for 1902-1903 include contributions to be made to the extent of £230,000 by the Imperial Government in respect of the cost of the transport of troops, and of military charges for Aden in consequence of the recommendations of the Royal Commission on Indian Expenditure; and compared with the Budget for 1901-1902 they show an anticipated total increase of £98,800. This addition to the receipts is due chiefly to an increase in the value of articles in possession of regiments on their transfer from the Indian to the British establishment. The total gross expenditure for 1902-1903 is more by £44,200 than the amount provided in the budget for the preceding year. This amount is chiefly accounted for by probable larger expenditure on stores under provision through the War Office, payment for which is expected to fall into 1902-1903, and to the provision of funds for expenses in connection with the visit of Indian troops on the occasion of His Majesty's coronation.

The gross charges on account of effective services, as estimated in the coming year, include payments to the War Office in respect of the British forces serving in India (£762,500); furlough allowances and pay during the voyage of

British forces serving in India (£108,000); furlough allowances of officers of the Indian Service (£230,000); Indian Troop Service (£250,000); passage of officers and troops otherwise than in transports (£19,000); miscellaneous (£42,000); and stores for India (£1,460,200).

The gross charges on account of non-effective services are made up of the retired pay, etc., of the British forces for service in India (£610,000); pay of the non-effective Colonels of Royal Artillery (£22,000); pay and pensions of non-effective and retired officers of the Indian Service (£1,640,000), miscellaneous pensions, etc. (£84,000), and the Indian Military Service Family Pensions (£45,000).

The net expenditure for 1902-1903 is less by £54,600 than that for the preceding year, and, as explained above, this is due to an increase of £98,800 in receipts and £44,200 in gross expenditure.

III.—Military Works Estimates.

16. Excluding English expenditure, the Budget Estimate for 1901-1902 amounted to R1,31,74,000 (£878,267), the Revised Estimate of expenditure is taken at R1,30,86,000 (£872,400)—a difference of R88,000 (£5,867). The budget grant, however, for Military Works was increased during the course of the year by R4,35,000 (£29,000) transferred from the Military Estimates. Assuming the Revised Estimate is not exceeded, there will be a lapse of R5,23,000 (£34,866) on the existing grant due to unavoidable short outlay on works.

17. The Budget Estimate for 1902-1903, excluding English expenditure, is R1,46,41,000 (£976,066) or R14,67,000 (£97,800) more than that of 1901-1902. The difference is due to special grants for certain works which have been recognised by the Government of India to be of special urgency and importance.

18. The main heads of expenditure in the Military Works estimate amount to the following sums, in round figures:—

	R	£
For original works including those in progress and those to be commenced	68,16,000	(454,900)
„ repairs	35,50,000	(236,667)
„ establishment and tools and plant	29,09,000	(193,933)
„ Barrack Department establishment, supplies and tools and plant	8,30,000	(55,333)

19. Expenditure, amounting to R5,80,000 (£38,667) will be incurred on water-supply projects, R3,56,000 (£23,753) for coast and inland fortifications, and R3,40,000 (£22,666) for works on the North-West Frontier: R2,34,000 (£15,600) will be spent on the installation of mechanical punkah-pulling in barracks, and provision has been made in the Budget for R6,00,000 (£40,000) for the cordite factory in the Nilgiris, R6,00,000 (£40,000) for the Central Gun-Carriage Factory at Jubbulpore, R2,00,000 (£13,333) for a Small Arms Factory at Ishapore, and also R3,50,000 (£23,333) for renewals of buildings, etc. The remaining works consist of hospitals, barracks, etc., and the ordinary requirements of the Ordnance, Remount and Marine Departments and of the Supply and Transport Corps.

Excluding renewals, provision is made for 129 new works, of which 75 are in progress and 54 have yet to be commenced. A sum of R5,65,000 (£37,666) is provided for minor works costing less than R2,500 each.

IV.—Marine.

Revised Estimates, 1901-1902.

20. The net total of the budget estimate of the Royal Indian Marine for Comparison—
 Revised for 1901-1902
 and
 Budget for 1901-1902,
 1901-1902 was R14,40,000 (£96,000); the Revised Estimate stands at R19,92,000 (£132,800) showing an increase of R5,52,000 (£36,800)..

The increase is chiefly due to extensive alterations and repairs to the Royal Indian Marine vessels *Clive*, *Lawrence* and *Mayo*; to large purchases of stores required to replace issues made from stock for fitting transports in the previous year; also to increased expenditure on repairs to His Majesty's ships of war in Indian seas. There was also increased expenditure for coal for vessels at outstations, and for a larger number of Navy ships in the Persian Gulf.

Estimates, 1902-1903.

21. The net total of the Marine Estimate for 1902-1903 is ₹16,68,000 (₹111,200) against ₹14,40,000 (₹96,000), the total of the Budget for 1901-1902 showing an increase of ₹2,28,000 (₹15,200) due, principally, to provision being made in 1902-1903 for extensive repairs to the Royal Indian Marine vessels *Canning* and *Minto*, for increased rates of pay for establishments afloat and for increased expenditure on repairs and on coal for His Majesty's ships of war in the Persian Gulf.

E. R. ELLES.

March 19, 1902.

APPENDIX III.

Memorandum by the Honourable Mr. A. T. Arundel, C.S.I., I.C.S.

In preparing the programme of anticipated railway capital expenditure for the year 1902-1903 I have kept the same classification as was adopted by my predecessor, Sir A. Trevor, last year. The proposed allotments for open lines (a) are first shown, including the provision of rolling stock, and the other requirements for the maintenance and development of traffic: (b) next the funds necessary for the steady prosecution and early completion of lines already in progress; and finally (c) the amounts to be allotted for the construction of new lines.

Statement A shows these figures to be as follows:—

	Budget for 1902-1903 (000 omitted)
	Rs.
(a) Open lines and rolling stock	5,50,82
(b) Lines already under construction	4,54,76
	10,05,58
(c) New lines proposed to be begun in 1902-1903	94,42
	11,00,00

As explained by Sir A. Trevor last year, the principle followed has been that the amount required to meet the needs of open lines should be regarded as a first charge upon the money available for railway purposes; and that every effort should be made to provide in full for all demands arising out of the development of existing traffic: that next in order, provision should be made for the steady prosecution and early completion of lines in progress; and lastly, that provision should be made for undertaking new projects so far as the State is able to find money to complete them without financial embarrassment to the Government.

2. It will be seen that Statement A as now drawn up differs from Statement A of last year in omitting forecast figures for 1903-1904 and 1904-1905.

The reason for this change is that the figures are unavoidably misleading. It will be seen by a reference to last year's Statement A that the total "Forecast of Capital Expenditure on Railways" was as follows:—

1901-1902.	1902-1903.	1903-1904.
Rs.	Rs.	Rs.
10,32,44	6,83,13	5,28,31

But these rapidly diminishing figures did not at all mean that the total expenditure on railways would thus dwindle in 1902-1903 and 1903-1904. The amounts fell, because, in the absence of information as to the total amount that might be available for railway purposes generally in the next two years, it was impossible to say what new works could be undertaken in those two years, and consequently the figures only included the work which had already actually begun, or on which Government had actually incurred liabilities.

In the present statement therefore no detailed figures are given of the probable expenditure on railways in the years 1903-1904 and 1904-1905, as any such details must necessarily be misleading, but it may be remarked there is no reason to suppose that

the requirements for works necessary for dealing with existing traffic and the development of railways will be in any degree less in those years than during 1902-1903; on the contrary, it is probable that they will continue to increase year by year.

3. A modification has also been made in Statement B, "new lines to be taken up as funds permit." It has been found that no specified order of urgency can be strictly adhered to, and the new lines have therefore been grouped geographically. The foregoing changes merely adapt the statements more nearly to actual facts, and give form (paragraph 4) to Sir A. Trevor's intimation that, except in so far as it embodies the actual Budget provisions for the year next ensuing, the whole programme is provisional and liable to reconsideration.

4. Turning to the details of the year just closing, I note that the amount originally proposed for expenditure on Railway Construction in 1901-1902 was Rs. 9,25,00,000, which was afterwards raised by supplementary grants to Rs. 10,32,44,000. There has, however, been a large lapse on this grant of about Rs. 93,89,000 owing to short outlay in England against the sums set aside for the purchase of rolling stock, stores, etc.

A portion of this has been utilized in commencing construction works on the Allahabad-Fyzabad and Jech-Doab railway, the Dhanbaid Chord and other lines in the Jherria Colliery and the Kabul River Bridge. These lapses, however, cannot be foreseen until it is too late in the year to do much towards utilizing them by increased expenditure in India.

5. After providing for the requirements of "open lines" and "lines under construction," the programme for "new construction" provides for an expenditure of Rs. 1,89,68,000 in the forthcoming year on the following 12 projects:—

1. Allahabad Fyzabad.
2. Jech-Doab.
3. Bengal-Nagpore, Jherria and Grand Chord link.
4. East Indian railway, Grand Chord and Colliery lines.
5. Godhra-Baroda Chord.
6. Azikhal-Mangalore.
7. Henzada-Kyangin.
8. Ranaghat-Moorshedabad.
9. Lower Sind Extensions.
10. Rewari-Phulera Chord.
11. Indus Bridge (Khushalgarh).
12. Other military lines.

Owing to the lapses on the grant referred to above, it has been found possible to put in hand the first four projects during the current year, and the allotment now made of 130 lakhs will enable these lines to be carried on with energy.

It is intended to proceed with the next four projects during the approaching working season, so that full provision has been made for eight out of the twelve.

The remaining four will be held in abeyance at present, pending the usual consideration of the financial position next autumn, as it is not desirable to embark on new lines unless they can be carried to completion within a reasonable time.

6. In last year's memorandum it was said that owing partly to the unfortunate continuance of famine conditions during the earlier months of the year 1900-1901, and partly to the movement of an unusually heavy crop of rice in Burma and of cotton in Bombay, a surplus of about 23½ lakhs was expected in the railway revenue account of the year. This expectation has been more than fulfilled, the surplus amounted to over 48½ lakhs.

The estimates for 1901-1902 allowed for a deficit of about 24½ lakhs on the assumption that the ordinary improvement to be expected from general development of traffic and from additions to the open mileage would be counterbalanced by the loss of the specially heavy traffic due to famine. The revised estimates, however, anticipate a surplus of nearly 1½ crores. This result is due chiefly to the large development of both passenger and goods traffic attendant on the return of more favourable seasons, but also in some degree to the continuance of the special famine traffic. The estimates for 1902-1903 anticipate a surplus of about 44½ lakhs.

7. The subjoined table shows the progress made in the development of railway communication, including lines financed by Native States or Companies outside the programme, during the year 1901-1902 :—

Year.	MILEAGE.				
	AT COMMENCEMENT OF YEAR.			DURING THE YEAR.	
	Opened.	Commenced, but not open.	Sanctioned, but not commenced.	Opened or likely to be opened.	Sanctioned.
1901-1902	25,072	1,863*	282	457	633

* Of which 861 miles will probably be ready for opening in 1902-1903.

8. Statement C shows the lines under negotiation for construction by private agency.

9. Statement D is a memorandum on the construction of railways. It shows that, after making allowance for corrections of mileage, the total length of open line will be 25,528.88 miles; of which there will be,—

	Miles.
Broad gauge	14,089
Metre gauge	10,725
2' 6" and 2' 0" gauges	715
	25,529

The mileage under actual or impending construction on the 1st April this year is 2,284.27 miles.

The number of miles completed during 1901-1902 was 459.

A. T. ARUNDEL.

March 19, 1902.

STATEMENT A IN APPENDIX III.

STATEMENT

OF

Anticipated Capital Expenditure on Railways, Open or under Construction,
for the year 1902-1903.

Branch lines under Rebate terms are excluded.

FINANCIAL STATEMENT OF THE

Capital Expenditure on Railways—1902-1903.

(OMITTING 000.)

No.	RAILWAY.	Grants allotted for 1901-02.	Distribution of Grants during 1902-03.
		R	R
OPEN LINES.			
By STATE AGENCY.			
1	Eastern Bengal	36,76	59,38
2	Oudh and Rohilkhand	13,03	48,00
3	North Western	55,66	49,10
4	Warora Colliery	—60	—35
5	Stores and Reserve . . . . .	...	25,02
6	Peshawar Railway Reserve	2,00	...
7	Hyderabad-Rahuki Section	8	...
Total Open Lines by State Agency		1,06,93	1,81,15
By THE AGENCY OF MAIN LINE COMPANIES.			
8	East Indian	1,19,29	1,46,53
9	Rajputana-Malwa	14,88	30,00
10	Tirhoot	5,00	10,05
11	South Indian	4,50	8,00
12	Great Indian Peninsula	8,16	2,30
13	Madras Railway—North East Line	—8,00	25,25
14	Bezwada Extension	8	8
15	Guntakal-Mysore Frontier . . . . .	...	10
16	Bhopal	1,92	3,65
17	Palampur-Deesa	3	1
Total Open Lines by Agency of Main Line Cos.		1,45,86	2,25,97
Carried over		2,52,79	4,07,12

Capital Expenditure on Railways—1902-1903—contd.

(OMITTING 000.)

No.	RAILWAY.	Grants allotted for 1901-02.	Distribution of Grants during 1902-03.
	OPEN LINES—contd.	₹	₹
	Brought forward	2,52,79	4,07,12
	AGAINST THE CAPITAL ACCOUNTS OF THE OLD GUARANTEED RAILWAY COMPANIES.		
18	Madras	22,15	22,75
19	Bombay, Baroda and Central India	37,72	16,25
	Total Open Lines old Guaranteed Companies	59,87	39,00
	AGAINST THE CAPITAL ACCOUNTS OF INDIAN RAILWAY COMPANIES OTHER THAN THE OLD GUARANTEED RAILWAY COMPANIES.		
20	Bengal Central	1,78	2,00
21	Bengal-Nagpur (including Northern Section of East Coast Railway).	4,19	16,30
22	Burma	16,34	28,90
23	Indian Midland	25,48	35,50
24	Lucknow-Bareilly	4,90	11,40
25	Southern Maharastra (including Mysore)	4,26	10,60
	Total Open Lines other Railway Companies	56,95	1,04,70
	TOTAL OPEN LINES—carried over	3,69,61	5,50,82

Capital Expenditure on Railways—1902-1903—contd.

(OMITTING 000.)

No.	RAILWAY.	Length.	Amount of estimate or approximate cost.	Outlay to end of 1900-01.	Grants allotted during 1901-02.	Distribution of grants during 1902-03.
		Miles.	₹	₹	₹	₹
	TOTAL OPEN LINES—brought forward	...	...	...	3,69,61	5,50,82
	LINES UNDER CONSTRUCTION.					
	BY AGENCY OF MAIN LINE COMPANIES.					
26	Tirhoot, Hajepore-Begum Sarai-Katihar extension	158	1,28,57	1,40,73	22,46	11,15
27	Assam-Bengal { (i) Construction chargeable to Part II } { (ii) Land chargeable to Part I } { (iii) Chittagong jetties }	743	12,00,00	9,90,42	74,55	61,74
		...	7,36	6,26	45	30
28	East Indian { Moghal Serai-Gya } { Dehree-Daltonganj } { Grand-Chord } { Colliery Sidings }	126 78 99 14	1,61,92 76,55 1,41,14 8,86	35,81	28,21 ... ... ...	... 6,23 28,75 5,99
29	Madura-Pamban	91	68,90	17,01	31,10	15,00
30	Tinnevely-Quilon, British Section	50	45,06	10,25	17,13	9,00
31	Ditto Native State Section	58	1,12,65	14,36	38,64	21,00
	TOTAL	1,417	19,51,01	12,14,84	2,12,54	1,59,16
	AGAINST THE CAPITAL ACCOUNT OF THE OLD GUARANTEED RAILWAY COMPANIES.					
32	Calicut-Cannanore branch, Madras railway	59	67,55	42,60	27,60	4,00
33	Azikhil-Mangalore	77	1,08,63	...	...	10,00
34	Godhra-Baroda, B. B. & C. I. R.	44	34,11	...	...	14,00
	TOTAL	180	2,10,29	42,60	27,60	28,00
	AGAINST THE CAPITAL ACCOUNT OF INDIAN RAILWAY COMPANIES OTHER THAN THE OLD GUARANTEED RAILWAY COMPANIES.					
35	Bengal-Nagpur { Sini-Midnapur-Cuttack-Calcutta } { Raipur-Dhamtari } { Jubbulpore-Gondia (Satpura) } { Midnapur-Jherria Extension } { Grand Chord link } { Colliery lines }	353 56 25 114 28 253	8,02,45 13,64 85,11 1,07,81 31,57 18,54	7,27,42	1,56,20	1,91,79
36	Burma { Mandalay-Kunlon (as far as Lashio) } { Meiktila-Myingyan } { Sagaing-Monywa-Alon } { Letpadan-Henzada-Bassein Extension } { Henzada-Kyangin }	175 58 71 109 66	2,18,41 34,55 33,97 98,62 54,59	2,64,21 27,90	36,92 42,58	6,00 19,60
	TOTAL	1,308	14,99,26	10,19,53	2,35,50	2,17,39
	Total Lines under Construction by Companies carried over	2,905	36,60,56	22,76,97	4,75,64	4,04,55
	TOTAL OPEN LINES—carried over	...	...	...	3,69,61	5,50,82

* Includes ₹4,49,38 from Company's funds

Capital Expenditure on Railways—1902-1903—contd.

(AMOUNTS IN LAKHS OF RUPEES)

No.	RAILWAY.	Length.	Amount of estimate or approximate cost.	Outlay to end of 1900-01.	Grants allotted during 1901-02.	Distribution of grants during 1902-03.
		Miles.	₹	₹	₹	₹
	Total Open Lines—brought forward . . . . .	...	...	...	3,69,61	5,50,82
	Total Lines under Construction—brought forward	2,905	36,60,56	22,76,97	4,75,64	4,04,55
LINES UNDER CONSTRUCTION—contd.						
BY BRANCH LINE COMPANIES.						
37	Hardwar-Dehra	32	26,05	25,81	42	78
38	Brahmaputra-Sultanpur	60	26,44	24,78	3,08	13
	Total against the Capital Account of Branch Line Companies	92	52,49	50,59	3,50	91
BY THE STATE.						
39	Ghaziabad-Moradabad	87	82,71	75,59	7,46	...
40	Godavari Bridge . . . . .	...	59,70	50,38	—50	...
41	Indus Bridge (Kotri) . . . . .	...	31,01	27,89	—63	...
42	Jodhpur-Hyderabad (British Section)	75	31,51	19,96	2,25	40
43	Agra-Delhi Chord	121	90,76	1,01	1	...
44	Eastern Bengal { Chitpore Extension Rungpore-Dhubri, etc. Doubling the line	51 26	20,45 45,44 50,36	... 43,68 ...	17,00 23,67 1,50	18,34 8,60 4,54
45	Nowshera-Dargai	42	22,08	15,99	4,05	2,89
46	Khushalgarh-Kohat and Kohat-Thal	88	50,96	3,75	28,79	18,27
47	Indus Bridge (Khushalgarh)	1	11,67	...	...	2,00
48	Jech-Doab	52	25,70	...	1,20	20,00
49	Allahabad-Fyzabad	97	1,17,09	...	5,00	50,00
50	Ranaghat-Moorshedabad	96	84,48	...	...	10,00
51	Lower Sind Extension	76	60,80	...	...	2,00
52	Rewari-Phulera	33	53,24	...	...	2,00
53	Military Lines . . . . .	...	...	...	...	4,68
	Total - Lines under Construction by the State	945	8,37,96	2,44,25	89,80	1,43,72
	Total—Lines under Construction	3,942	45,51,01	25,71,81	5,68,94	5,49,18
	GRAND TOTAL—Open Lines and Lines under Construction . . . . .	...	...	...	9,38,55	11,00,00

FINANCIAL STATEMENT OF THE

Statement of Capital Expenditure on Railways—1902-1903—concl'd.

(OMITTING 000.)

No.	RAILWAY.	Distribution of Grants during 1902-03.	
ABSTRACT BY OPEN LINES AND CONSTRUCTION.			
I.—CAPITAL FOR OPEN LINES.			
i. By State Agency		1,81,15	
ii. By agency of Main Line Companies		2,25,97	
iii. By " " old Guaranteed Companies		39,00	
iv. By " " other Railway Companies		1,04,70	
v. By " " Branch Companies		...	
TOTAL OPEN LINES		5,50,82	
II.—CAPITAL FOR LINES UNDER CONSTRUCTION BY COMPANIES.			
i. By agency of Main Line Companies		1,59,16	
ii. By " " old Guaranteed Railway Companies		28,00	
iii. By " " other Railway Companies		2,17,39	
iv. By " " Branch Line Companies		91	
TOTAL LINES UNDER CONSTRUCTION BY COMPANIES		4,05,46	
III.—CAPITAL FOR LINES UNDER CONSTRUCTION BY THE STATE			
GRAND TOTAL		11,00,00	
ABSTRACT SHOWING DISTRIBUTION BY FUNDS.			
I.—From Imperial Funds.	(i) By State Agency	(a) Open Lines	1,81,15
			(b) Construction	1,43,72
	Total	3,24,87	
	(ii) By the Agency of Main line Companies.	(a) Open Lines	2,25,97
			(b) Construction	1,59,16
	Total	3,85,13	
TOTAL I	7,10,00		
II.—Against the Capital Accounts of the old Guaranteed Railway Companies.	(a) Open lines	39,00	
		(b) Construction	28,00
TOTAL II	67,00		
III.—Against the Capital Accounts of Indian Railway Companies other than the old Guaranteed Railway Companies.	(a) Open Lines	1,04,70	
		(b) Construction	2,17,39
TOTAL III	3,22,09		
IV.—Against the Capital Accounts of Branch Line Companies which are in receipt of a firm Government Guarantee.	(a) Open Lines	...	
		(b) Construction	91
TOTAL IV	91		
TOTAL, I TO IV	(a) Open Lines	5,50,82	
		(b) Construction	5,49,18
GRAND TOTAL	11,00,00		

STATEMENT B IN APPENDIX III.

List of new lines to be taken up as funds permit with the estimated yearly provision required to ensure an economical rate of progress when once started.

Lakhs of rupees.

	Miles.	Estimated cost.	APPROXIMATE AMOUNT EACH YEAR.				
			1st.	2nd.	3rd.	4th.	Future.
EAST INDIAN RAILWAY SYSTEM—							
Grand Chord	99	141	28	60	53	...	...
Bankura-Calcutta	96	110	10	50	50	...	...
Shikohabad-Farukhabad	66	45	10	35	...	...	...
Hooghly-Cutwa	65	64	4	30	30	..	...
BENGAL NAGPUR RAILWAY SYSTEM—							
Vizianagram-Raipur	310	250	10	60	60	60	60
EASTERN BENGAL STATE RAILWAY—							
Quadrupling Eastern Bengal State Railway	20	40	10	10	20	...	...
Ganges Bridge at Sara (or elsewhere) . . . . .	...	100	5	25	50	20	...
Dhubri-Gauhati	151	165	15	50	50	50	...
BENGAL AND NORTH-WESTERN RAILWAY—							
Katihar-Godagari or Sara (exclusive of Ganges bridge)	187	155	15	50	50	40	...
Minor feeder lines to Tirhoot State Railway	160	120	20	40	40	20	...
ODDH AND ROHILKHAND RAILWAY—							
Bareilly-Soron	63	54	10	20	24	...	...
Allahabad-Jaunpur	62	48	10	30	8	...	...
Minor feeder lines to Oudh and Rohilkhand Railway	100	50	10	20	20	...	...
NORTH WESTERN RAILWAY—							
Lower Sind Extension	76	61	2	30	20	...	...
Indus Bridge (Khushalgarh) . . . . .	...	12	2	10	...	...	...
Conversion Khushalgarh-Kohat Railway to 5' 6" gauge	91	15	5	10	...	...	...
Jech-Doab Railway (Southern Section)	92	54	4	30	20	...	...
Minor feeder lines to North Western Railway	100	50	10	20	20	...	...
BOMBAY, BARODA AND CENTRAL INDIA RAILWAY—							
Rewari-Phulera	133	53	3	30	20	...	...
Bárán-Ajmer-Marwar	213	135	16	48	48	23	...
Bombay-Kutch connection	275	340	10	30	30	30	240
Nagda-Bárán-Muttra (or Bandikui)	355	350	10	50	90	90	110
GREAT INDIAN PENINSULA RAILWAY—							
Agra-Delhi	121	90	5	40	45	...	...
Minor Feeder lines to Great Indian Peninsula Railway	60	30	5	15	10	...	...
MADRAS RAILWAY—							
Azikhah-Mangalore	78	109	10	30	40	20	...
Coonoor-Ootacamund	12	19	9	10	...	...	...
Minor Feeder (or famine) lines	186	40	10	10	10	10	...
SOUTHERN MAHRATTA AND SOUTH INDIAN RAILWAYS—							
Trichinopoly-Tirukoilur	97	75	10	35	30	...	...
Nanjangud-Erode	120	123	23	50	50	...	...
BURMA RAILWAY—							
Hanzada-Kyangin	66	55	15	30	10	...	...
Pegu-Moulmein	70	75	5	40	30	...	...
Sagaing Bridge . . . . .	...	50	10	25	15	...	...
TOTALS	3,524	3,078					

STATEMENT C IN APPENDIX III.

Statement showing the lines of railway proposed, or which were or are the subject of negotiations for construction by private companies.

No.	Name of Railway.	Length.	Estimated cost.	REMARKS.
			R	
<i>Madras—</i>				
1	Kurnool Road (Dhone)-Kurnool	32	9,88,000	} Negotiations concluded. Signing of contract awaited.
2	Bezwada-Masulipatam	50	53,50,000	
3	Vizianagram-Raipur with Sointilla branch	359	2,81,04,780	Negotiations in progress.
<i>Hyderabad—</i>				
4	Raichur-Wondalli	43	12,53,300	Negotiations concluded.
<i>Bombay—</i>				
5	Nadiad-Kapadvanj	22	15,40,000	Negotiations fallen through.
6	Sabarmati-Dholka	33	13,07,066	Work authorised.
<i>Rajputana—</i>				
7	Bárán-Marwar	213	1,35,00,000	Negotiations in progress.
<i>N.-W. P. and Oudh—</i>				
8	Fatehpur-Markundi	61	42,70,000	Under consideration.
<i>Punjab—</i>				
9	Kangra Valley	87	66,00,000	Concession recommended to Secretary of State.
10	Jullundur-Hoshiarpur	24	14,71,109	Negotiations in progress.
11	Amritsar-Tarn Taran-Patti	30	17,24,300	Concession granted, but floating of company deferred owing to unfavourable state of money market.
<i>Bengal—</i>				
12	Kissengunge-Kotchandpur-Magura	64	49,94,494	} Under consideration.
13	Phulbari-Sumjhia	13	4,41,745	
14	Akhaura-Bhairab Basar	19	16,18,000	Negotiations in progress.
15	Laksam-Noakhali	39	23,40,000	Work authorised.
16	Chandipur-Taki	38	20,00,000	} Concession lapsed.
17	Bhagūpur-Bansi-Baidyanath	69	65,31,000	
18	Hooghly-Cutwa	65	63,11,900	Negotiations in progress.
<i>Assam—</i>				
19	Tilgaon-Syhet	39	38,00,000	Negotiations in progress.

STATEMENT D IN APPENDIX III.

Memorandum on the construction of railways.

At the commencement of 1901-1902, i.e., on the 1st April 1901, the total length of railways open for traffic was 25,072.46 miles, made up as follows:—

	Miles.	Miles.
East Indian	1,837.48	
Bengal Central (a)	125.01	
Bengal-Nagpur	1,545.32	
Indian Midland	(b) 796.25	
Great Indian Peninsula	(c) 1,547.99	6,537.41
Rhopal-Itarsi (British section)	(d) 13.11	
Godhra-Rutti-m-Nagda	(d) 141.14	
Bezwa extension (East Coast State)	(e) 20.58	
Madras railway, North-East line	(f) 510.55	
North Western, including Ferosepore-Bhatinda section	(g) & (h) 3,077.11	
Hyderabad-Shadhpalli	(i) 58.91	4,450.12
Oudh and Rohilkhand	1,037.51	
Eastern Bengal	268.04	
Calcutta Port Commissioners'	8.53	
Bombay, Baroda and Central India	460.90	1,305.32
Madras	844.42	
Delhi-Umballa-Kalka	(j) 162.24	
Tarkessur	(j) 22.23	
South Behar (Luckeesera-Gya)	(k) 78.76	874.65
Southern Punjab (Delhi-Samratia)	(l) 423.93	
Hardwar-Dehra	(k) 22.04	
Tapti Valley	(d) 156.45	
Khamgaon	(m) 7.55	
Amraoti	(n) 5.44	
Bina-Goonna-Baran	(o) 145.59	
Rhopal-Ujjain	(p) 113.27	703.93
Rhopal-Itarsi (Native state section)	(q) 44.28	
The Nizam's Guaranteed State	(r) 33.13	
Nagda-Ujjain	(s) 34.32	
The Gekwar's Petlad	(t) 13.35	
Kolar Gold-fields	(u) 10.00	
Rajpur-Bhatinda	(v) 107.05	122.97
Jammu and Kashmir (Native state section)	(v) 15.92	
Bengal and North-Western—		
Tirhoot section	507.74	
Company's section (m)	733.00	
Lucknow-Bareilly section (Rohilkund and Kumaon)	231.17	
Rajputana-Malwa	(d) (A) & (n) 1,644.33	
Palanpur-Deesa	(d) 17.28	
Southern Mahratta	1,042.04	7,459.72
Guntakal-Mysore frontier	(d) 119.50	
Mysore section (Southern Mahratta)	28.00	
South Indian	1,038.63	
Mayavaram-Mutupet	(p) 54.08	
Assam Bengal	576.46	
Burma	1,124.00	
Shadhpalli-Balotra (British section)—		
Shadhpalli to Jodhpur frontier	(g) 68.49	
Eastern Bengal—		
Northern and Behar sections (including the Kaunia-Dharila, 2' 6" gauge, branch, and British section, Cooch Behar-Sonitbari extension 2' 6" gauge)	1,394.77	
Dacca section	85.92	660.29
Cawnpore-Burhwal (Metre gauge link)	(v) 79.60	
Deoghur	4.79	
Brahmaputra-Sultapur	(r) 59.19	
Mymensingh-Jamalpur-Jagannathganj	(s) 53.37	
Rohilkund and Kumaon (Company's section)	53.92	
Bengal Dooars	36.40	448.25
Bengal Dooars extensions	16.00	
Dibru-Sadiya	77.50	
Ledo and Tikak-Margherita Colliery	(t) 7.50	
Ahmedabad-Parantij	(u) 54.59	
Segowlie-Raxaul	(w) 18.09	
Nultri	(f) 16.90	
The Gekwar's Mehsana	(d) 9.63	
Hyderabad-Godavari Valley	(e) 385.23	611.98
Kolhapur	(e) 29.07	
Yasvantpur-Mysore frontier	(e) 51.35	
Mysore-Nanjangud	(e) 15.80	
Birur-Shimoga	(e) 37.90	
Jodhpur-Bikaner	612.29	
Udaipur-Chitor	67.80	
Bhavnagar-Gondal-Junagad-Forbandar	(v) 333.84	1,134.77
Jetalsar-Rajkot	(w) 46.23	
Jamnagar	(w) & (x) 54.28	
Dhrangadra	(w) 20.83	
West of India Portuguese	51.11	
Pondicherry	(p) 7.85	73.61
Karaikkal-Peralam	(p) 14.65	
Bengal-Nagpur—		
Raipur-Dhamtari branch (2' 6")		56.24
Jorhat (2' 0")	36.00	
North Western—		70.25
Nowsheera to Dargal (2' 6")	40.25	
Darjeeling-Himalayan (2' 0")	51.00	
Barsi Light (2' 6")	21.59	
Howrah-Amra (2' 0")	28.69	
Howrah-Shekhalla (2' 0")	19.75	192.50
Ranaghat-Krishnagar (2' 6")	20.25	
Tarakeshwar-Magra (2' 6")	31.12	
Tezpur-Balpara (2' 6")	20.10	
The Gekwar's Dabhoi (2' 6")	(d) 78.80	
Rajpipla (2' 6")	(d) 37.37	242.31
Gwalior Light (2' 0")	(d) 126.14	
Cooch Behar (2' 6")		33.78
Morvi (2' 6")		91.3

	Miles.	Miles.
5' 6" gauge—		
(i) State lines worked by companies	6,537.41	
(ii) State lines worked by the State	4,450.12	
(iii) Guaranteed companies	1,305.32	
(iv) Assisted companies	874.65	
(v) Lines owned by native states and worked by companies	703.93	
(vi) Lines owned by native states and worked by State railway agency	122.97	
		13,994.40
3' 3 3/4" gauge—		
(vii) State lines worked by companies	7,459.72	
(viii) State lines worked by the State	660.29	
(ix) Assisted companies	448.25	
(x) Lines owned by native states and worked by companies	611.98	
(xi) Lines owned and worked by native states	1,134.77	
(xii) Foreign lines	73.61	
		10,388.62
Special (2' 6" and 2' 0") gauges—		
(xiii) State lines worked by companies	56.24	
(xiv) State lines worked by the State	70.25	
(xv) Assisted companies	192.50	
(xvi) Lines owned by native states and worked by companies	242.31	
(xvii) Lines owned by native states and worked by State railway agency	33.78	
(xviii) Lines owned and worked by native states	94.36	
		689.44
TOTAL		25,072.46

(a) Although for convenience classed amongst State railways, this line is the property of the Bengal Central Railway Company.
 (b) Worked by the Great Indian Peninsula Railway Company.
 (c) Purchased by the State from 1st July 1900 and worked by the Great Indian Peninsula Railway Company.
 (d) Worked by the Bombay, Baroda and Central India Railway Company.
 (e) Worked by His Highness the Nizam's Guaranteed State Railways Company.
 (f) Worked by the Madras Railway Company.
 (g) Including 5.63 miles of military line not used for public traffic.
 (h) Including 20.28 miles of mixed (2' 6" and 2' 11") gauge between Kot Kapura and Bhatinda, worked over by the North Western State and Rajputana-Malwa railways.
 (i) Worked by the North Western State railway.
 (j) Worked by the East Indian Railway Company.
 (k) Worked by the Oudh and Rohilkhand State railway.
 (l) Excluding 2.19 miles, Trimuigherry troop siding, constructed but not used for ordinary public traffic.

(m) Although for convenience classed amongst State railways, this line is the property of the Bengal and North-Western Railway Company.
 (n) Excluding 2.10 miles at Ujjain and 1.07 miles between Agra East Bank and Agra Cantonment, laid on the 5' 6" gauge.
 (o) Worked by the Southern Mahratta Railway Company.
 (p) Worked by the South Indian Railway Company.
 (q) Worked by the Jodhpur-Bikaner railway.
 (r) Excluding 3.66 miles of the Lucknow-Bareilly railway between Daungaj and Aishbagh, but including the length, Bara Banki to Burhwal 16.70 miles, and the length over Cawnpore bridge 0.59 mile laid on a mixed gauge.
 (s) Worked by the Eastern Bengal State railway.
 (t) Worked by the Assam Railways and Trading Company.
 (u) Worked by the Bengal and North-Western Railway Company.
 (v) Including 4.50 miles of Bhavnagar Dock estates and Junagad quarry lines.
 (w) Worked by the Bhavnagar-Gondal-Junagad-Forbandar railway.
 (x) Including 3.99 miles of Bedi-Bandar Dock estate siding.

FINANCIAL STATEMENT OF THE

And the mileage under construction or sanctioned for construction on the same date was 2,145'44 miles, as follows:—

	Miles.	Miles.
5' 6" gauge—		
(i) State lines worked by companies	392'18	
(ii) State lines worked by the State	6'83	
(iii) Guaranteed companies	59'75	
(iv) Assisted companies	0'79	
(v) Lines owned by native states and worked by companies	20'75	
(vi) Lines owned by native states and worked by State railway agency	79'61	
	<u>559'91</u>	
3' 3 1/2" gauge—		
(vii) State lines worked by companies	712'32	
(viii) State lines worked by the State	43'70	
(ix) Assisted companies	53'76	
(x) Lines owned by native states and worked by companies	151'14	
(xi) Lines owned and worked by native states	160'85	
	<u>1,121'77</u>	
Special (2' 6" and 2' 0") gauges—		
(xii) State lines worked by companies	252'67	
(xiii) State lines worked by the State	88'12	
(xiv) Assisted companies	91'16	
(xv) Lines owned by native states and worked by companies	31'81	
	<u>463'76</u>	
TOTAL	<u>2,145'44</u>	

There was thus a grand total of railways completed and in hand, on the 1st April 1901, of miles . 27,217'90

	Miles.	Miles.	Miles.
East Indian—			
Extension of third line between Kallipohri and Noonah	0'57		
Shikohabad to Farukhabad	(a) 75'82	151'70	
Baran to (Maitonganj)	78'32		
Sitarampur to Domohani	6'89		
(i) Bengal Central—			
Dum-Dum Cantonment to Fattipooker	2'68	392'18	
Bengal-Nagpur—			
Cossye to Midnapore	2'25	116'64	
Midnapore to Bujudih	114'39		
Agra-Delhi chord	(a) 121'16		
(ii) Eastern Bengal—			
Chitpur Terminus	0'83	6'83	
Panchooria to the Ganges	6'00		
(iii) Madras—			
Calicut to Ashikal		59'75	
(iv) Southern Punjab (Desh-Semdrata)—			
Delhi Brewery to Delhi		0'79	
(v) Pettal-Cambay		20'75	
(vi) Ludhiana-Dhuri-Jakhal		79'61	
Bengal and North-Western—			
Tirhoot section—			
Tihara-Bihpur to Bararighat	11'36	41'83	
Sakri to Jainagar	(a) 30'47		
Company's section—		74'83	
Ganges-Gogra Doab lines—			
Azimgarh to Shahganj	23'00		
Lucknow-Bareilly section (Kohlikund and Kumaoon)—			
Dudwa to Mohan river		5'98	
South Indian—			
Madura to Tondiar	81'33	137'80	712'32
Tinnevely-Qullion (Travancore) branch (British section)	46'47		
Mayavaram-Mutupet—			
Mutupet to Arantangi		51'01	
Assam-Bengal—			
Damchara to Lumding	85'83	165'99	
Nazira to Tinsukia	70'16		
Burma—			
Nawngkio to the right bank of the Salween river	157'72	276'73	
Bassein via Heazada to Letpadan	118'01		
(vii) Eastern Bengal—			
Teesa bridge at Kaunia	4'87	43'70	
Moghalhat to Dhubri	38'83		
(ix) Bengal Doons—			
Mal to Hantupara	44'00	53'78	
Dam Dim to Bagrakote	6'78		
Ledo and Tikak-Margherita Colliery—			
Margherita to Namdang	8'00		
(x) Vijapur-Kalol-Kadi—			
Vijapur to Kalol	29'60	151'14	
Shoranur-Cochin—			
Shoranur to Ernakulam	64'68		
Tinnevely-Qullion (Travancore) branch (Native state section)	56'86		
(xi) Jodhpur-Bikaner—			
Bikaner section—			
Suratgarh to Bhatinda	88'00	160'85	
Jalpur—			
Sanganer to Sitwal-Madhapur	72'85		
(xii) Bengal Nagpur—			
Jubbulpore-Gondia and branches (2' 6")		252'67	
(xiii) North-Western—			
Khusalgarh-Kohat-Thal (2' 6")		88'12	
(xiv) Bārai Light (2' 6")—			
Bārai Road Junction to Pandharpur	(a) 33'16	91'16	
Kalka-Simla (2' 6")	58'00		
(xv) Rewah—			
Rewah to Sitna (2' 6")		(a) 31'3	

(a) Commencement of work not then authorized.

	Miles.	Miles.	Miles.
(i) East Indian—			
Katrasgarh to Khanoodh	7.80	} 14.01	
Jherah to Dhanbad	3.75		
Tara siding	1.75		
Northern half of the Mulkeera-Katrasgarh cross connection	0.71		
(i) Bengal-Nagpur—			
Ran Kanail to Noddeha in the Chowrassie coal-fields	9.48	} 76.41	
Bujudh to Hartharpur	27.90		
Bujudh to Parthadihi	1.45		
Bujudh to Mrook, including Bhaga connection	21.36		
Bhowra siding	1.50		
Southern half of the Mulkeera-Katrasgarh cross connection	0.71		
(ii) North Western—			
Jech Deon line—			
Malakwal to the Karana hills	51.40	} 146.07	
Oudh and Rohilkhand—			
Allahabad to Fyzabad	† 94.67		
(iii) Madras—			
Ashkal to Mangalore	77.70		
(iv) Bengal and North-Western—			
Company's section—			
Ganga-Gogra Doab lines—			
Ballia to Ghazipur	31.16	} 164.48	
Rajputana-Malwa—			
Kewari-Phulera Chord	133.32		
(v) Noakhali (Bengal)—			
Laksmi vid Noakhali to Ichakhali	33.00	} 72.46	
Sabarmati-Dholkha—			
Sabarmati to Dholka	33.46		
(vi) Vijapur-Kaloh Kadi—			
Kaloh to Kadi	12.20		
(vii) Barai Light (2' 6")—			
Barai Town to Tadwala	28.00		
(viii) Gwalior Light (2' 0")—			
Gwalior to Sabulgarh	55.88		

(ix) East Indian—				
Extension of third line between Kalipahar and Noonah	0.57	} 5.50		
Bengal Central—				
Dum Dum Cantonment to Pattipooker	2.68			
Bengal-Nagpur—				
Cosayte to Hildnapore	2.25			
(x) Eastern Bengal—				
Chitpur Terminus	0.83	} 6.83		
Panchoria to the Ganges	6.00			
(xi) Madras—				
Calicut to Tellicherry	43.00			
(xii) Petlad-C. mbay	* 19.25			
(xiii) Ludhiana-Dhuri-Jakhal	* 79.62			
(xiv) Bengal and North-Western—				
Tirhoot Section—				
Thana Bihpur to Bararighat	11.36	} 75.81		
Assam-Bengal—				
Nazira to Lakwa	10.75			
Burma—				
Nawngkio to Hespaw	53.70			
(xv) Eastern Bengal—				
Teesta bridge at Kaunia and approaches	* 4.99	} 6.97		
Dharila bridge	1.98			
(xvi) Bengal-Doors—				
Mal to Chalisa	5.20	} 11.96		
Dum Dum to Bagrakote	6.76			
Ledo and Tikak-Margherita Colliery—				
Margherita to Nandang	3.00			
(xvii) Vijapur-Kaloh-Kadi—				
Vijapur to Kaloh	29.60	} 94.60		
Shoranur to Ernakulam	65.00			
(xviii) Jodhpur-Bikaner—				
Bikaner Section—				
Suratgarh to Bhatinda	88.00			
(xix) Naupada-Pariklmedil (2' 6")	25.00			

During 1901-1902, i.e., from 1st April 1901 to 31st March 1902, 633.20 miles of new railway have been authorized as follows:—

	Miles.	Miles.
5' 6" gauge—		
(i) State lines worked by companies	76.41	
(ii) State lines worked by the State	146.07	
(iii) Guaranteed companies	77.70	300.18
3' 3 3/8" gauge—		
(iv) State lines worked by companies	164.48	
(v) Assisted companies	72.46	
(vi) Lines owned by native states and worked by companies	12.20	249.14
Special (2' 6" and 2' 0") gauges—		
(vii) Assisted companies	28.00	
(viii) Lines owned by native states and worked by companies	55.88	83.88
TOTAL		633.20

And 459.54 miles have been or are likely to be opened to public traffic as follows:—

	Miles.	Miles.
5' 6" gauge—		
(ix) State lines worked by companies	5.50	
(x) State lines worked by the State	6.83	
(xi) Guaranteed companies	43.00	
(xii) Lines owned by native states and worked by companies	19.25	
(xiii) Lines owned by native states and worked by State railway agency	79.62	154.20
3' 3 3/8" gauge—		
(xiv) State lines worked by companies	75.81	
(xv) State lines worked by the State	6.97	
(xvi) Assisted companies	14.96	
(xvii) Lines owned by native states and worked by companies	94.60	
(xviii) Lines owned and worked by native states	88.00	280.34
Special (2' 6" and 2' 0") gauges—		
(xix) Lines owned by native states and worked by companies	25.00	25.00
TOTAL		459.54

* Correction of mileage.

† Excluding 2.44 miles of the Oudh and Rohilkhand State railway between Sultanpur Road and Partabgarh stations.

The total length of open line at the commencement of 1902-1903, i.e., on the 1st April 1902, will, therefore, be 25,528.88 miles, comprising:—

5' 6" gauge—

(i) State lines worked by companies	Miles.	Miles.
	6,542.91	
(ii) State lines worked by the State	4,397.16	
(iii) Guaranteed companies	1,348.32	
(iv) Assisted companies	874.65	
(v) Lines owned by native states and worked by companies	723.00	
(vi) Lines owned by native states and worked by State railway agency	202.97	14,089.01

3' 3 3/8" gauge—

(vii) State lines worked by companies	7,591.78	
(viii) State lines worked by the State	667.26	
(ix) Assisted companies	463.31	
(x) Lines owned by native states and worked by companies	706.26	
(xi) Lines owned and worked by native states	1,222.77	
(xii) Foreign lines	73.61	10,724.99

Special (2' 6" and 2' 0") gauges—

(xiii) State lines worked by companies	56.24	
(xiv) State lines worked by the State	70.69	
(xv) Assisted companies	192.50	
(xvi) Lines owned by native states and worked by companies	267.31	
(xvii) Lines owned by native states and worked by State railway agency	33.78	
(xviii) Lines owned and worked by native states	94.37	714.88
TOTAL		25,528.88

	Miles.	Miles.
East Indian	1,838.03	
Bengal Central (a)	127.69	
Bengal-Nagpur	1,547.57	
Indian Midland	(b) 796.25	
(i) Great Indian Peninsula	(c) 1,547.99	6,542.91
Bhopal-Itarsi (British section)	(b) 13.11	
Godhra-Rutlam-Nagdā	(d) 141.14	
Bezwaada extension (East Coast State)	(e) 20.58	
Madras Railway, North-East line	(f) 610.55	
North-Western, including Ferozepore-Bhatinda section	(g) & (n) 3,077.11	
(ii) Hyderabad-Shadipalli	(h) 1,037.53	4,397.16
Oudh and Rohilkhand	274.87	
Eastern Bengal	* 7.65	
Calcutta Port Commissioners'	460.90	
(iii) Bombay, Baroda and Central India	887.42	1,348.32
Madras		
Delhi-Umballa-Kalka	(i) 162.24	
Tarkessur	(i) 22.23	
South Behar (Luckeeserai-Gya)	(i) 78.76	
(iv) Southern Punjab (Delhi-Samasata)	(j) 423.93	874.65
Hardwar-Dehra	(k) 32.04	
Tapil Valley	(d) 155.35	
Khamgaon	(b) 7.55	
Amraoti	(b) 5.44	
Bina-Goonā-Bāra	(b) 145.59	
Bhopal-Ujjain	(b) 113.27	
(v) Bhopal-Itarsi (Native state section)	(b) 42.28	723.00
The Nizam's Guaranteed State	(i) 330.13	
Nagdā-Ujjain	(d) 34.32	
Petlad-Cambay—		
Tarapur-Cambay	{ 21.50	
Anand-Tarapur	{ 10.92	(g) 32.42
Kolar Gold-fields		(f) 10.00
(vi) Rājputra Bhatinda		(j) 107.05
Jammu and Kashmir (Native state section)		(j) 15.92
Ludhiana-Dhuri-Jakhal		* (j) 80.00

Bengal and North-Western—		
Tirhoot section		* 519.10
Company's section (m)		743.00
Lucknow-Bareilly section (Rohilkhand and Kumaon)		231.17
Rajputana-Malwa	(d n & o)	1,644.33
Palanpur-Deesa	(d)	17.28
Southern Mahratta		1,042.04
(vii) Guntakal-Mysore frontier	(p)	119.50
Mysore section (Southern Mahratta)	(p)	296.00
South Indian		* 1,034.22
Mayavaram-Mitupet	(q)	54.08
Assam-Bengal		589.21
Burma		1,177.70
Shadipalli-Balotra (British section)—		
Shadipalli to Jodhpur frontier		* (r) 69.05
Hyderabad-Shadipalli		* (v) 55.10
Eastern Bengal—		
Northern and Behar sections (including the Kaunia-Dharke 2' 6" gauge branch and British section, Cooh Behar-Santrabari extension 2' 6" gauge)		501.74
Dacca section		85.92
(viii) Cawnpore-Burhwal (Metre-gauge link)	(s)	79.60
Deoghur		4.79
Brahmaputra-Sultanpur	(t)	59.19
Mymensingh-Jamāpur-Jagannathganj	(t)	53.37
Rohilkhand and Kumaon (Company's section)		53.92
(ix) Bengal Dooars		36.40
Bengal Dooars extensions		78.06
Dibru-Sadiya		77.50
Ledo and Tikak-Margherita Colliery	(u)	10.50
Ahmedabad-Parantij	(d)	54.59
Segowlie-Raxaul	(w)	18.09
Nilgiri	(f)	16.90
The Gaekwar's Mehsana	(d)	92.63
(x) Hyderabad-Godavari Valley	(e)	385.23
Kolhāpur	(p)	29.07
Yesvantpur-Mysore frontier	(p)	51.35
Mysore-Nanjangūd	(p)	15.80
Vijapur-Kalol-Kadi—		
Vijapur to Kalol		29.60
Shoranur-Cochin	(f)	64.68
Birur-Shimoga	(p)	37.90
Jodhpur-Bikaner		709.29
Udaipur-Chitor		67.30
(xi) Bhāvnagar-Gondal-Junāgad-Forbandar	(w)	333.84
Jetalsar-Rājkot	(w)	46.23
Jāmnagar	(w & y)	54.28
Uhrāngadrā	(w)	20.83
West of India Portuguese		51.11
(xii) Pondicherry	(g)	7.85
Kāraikkal-Peralam	(q)	14.65

(xiii) Bengal-Nagpur—		
Raipur-Dhamtari branch (2' 6")		30.25
(xiv) Jorhāt (2' 0")		40.44
North Western—		
Nowshera to Dargal (2' 6")		51.00
Darjeeling-Himalayan (2' 0")		21.59
Barsi Light (2' 6")		28.69
(xv) Howrah-Amta (2' 0")		19.75
Rānaghat-Krishnagar (2' 6")		20.25
Tārakeahwar-Magra, (2' 6")		31.12
Tezpur-Bālipātā (2' 6")		20.10
The Gaekwar's Dabhoi (2' 6")	(d)	73.80
(xvi) Rājpipla (2' 6")	(d)	37.37
Nauppada-Farlakimedi (2' 0")		25.00
Gwalior Light (2' 0")	(b)	126.14
(xvii) Cooh Behar (2' 6")	(c)	33.78
(xviii) Morvi (2' 6")		94.36

(a) Although for convenience classed amongst State railways, this line is the property of the Bengal Central Railway Company.
 (b) Worked by the Great Indian Peninsula Railway Company.
 (c) Purchased by the State from 1st July 1900 and worked by the Great Indian Peninsula Railway Company.
 (d) Worked by the Bombay, Baroda and Central India Railway Company.
 (e) Worked by H. H. the Nizam's Guaranteed State Railways Company.
 (f) Worked by the Madras Railway Company.
 (g) Including 6.12 miles of military line not used for public traffic, and also 28.08 miles of line between Ferozepore and Kot-Kapura transferred from Rajputana-Malwa railway.
 (h) Converted from 5' 6" to 3' 3 3/8" gauge from 20th October 1901.
 (i) Worked by the East Indian Railway Company.
 (j) Worked by the North Western State railway.
 (k) Worked by the Oudh and Rohilkhand State railway.
 (l) Excluding 2.19 miles, Trimulgherry troop siding, constructed but not used for ordinary public traffic.

(m) Although for convenience classed amongst State railways, this line is the property of the Bengal and North Western Railway Company.
 (n) Including 26.28 miles of mixed (5' 6" and 3' 3 3/8") gauge between Kot-Kapura and Bhatinda, worked over by the North Western and Rajputana-Malwa railways.
 (o) Excluding 2.10 miles at Ujjain and 3.07 miles between Agra East Bank and Agra Cantonment laid on the 5' 6" gauge.
 (p) Worked by the Southern Mahratta Railway Company.
 (q) Worked by the South Indian Railway Company.
 (r) Worked by the Jodhpur-Bikaner railway.
 (s) Excluding 3.66 miles of the Lucknow-Bareilly railway between Daliganj and Aishbagh but including the length, Bara Banki to Burhwal, 16.79 miles, and the length over Cawnpore bridge, 0.59 mile, laid on a mixed gauge.
 (t) Worked by the Eastern Bengal State railway.
 (u) Worked by the Assam Railways and Trading Company.
 (v) Worked by the Bengal and North Western Railway Company.
 (w) Including 4.50 miles of Bhāvnagar Dock estates and Junāgad quarry lines.
 (x) Worked by the Bhāvnagar-Gondal-Junāgad-Forbandar railway.
 (y) Including 3.99 miles of Bedi Bandar Dock estate siding.

* Correction of mileage.

† Made up as follows:—

Open at the commencement of 1901-1902

Add—Opened during 1901-1902

Deduct - Decrease due to correction of mileage

25,072.46

459.51

25,532.00

-3.12

25,528.88

	Miles.	Miles.	Miles.
East Indian—			
Shikohabad to Farukhabad	(a) 67.36		
Barua to Daltonganj	(b) 78.60		
Sitarampur to Domohani	6.89		
Katrasgarh to Khanoodih	7.80		
Jherria to Dhanbaid	3.75		
Asra siding	1.75		
Northern half of the Mulkeera-Katrasgarh cross connection	0.71	166.96	
Bengal-Nagpur—			
Midnapore to Bujdih	114.29		
Ramtanali to Nodocha in the Chowrasia coal fields	9.48	464.91	
Bujdih to Hariharpur	(a) 27.90		
Bujdih to Parhadih	1.45		
Bujdih to Mhoda, including Bhagal connection	21.36	176.79	
Bhowra siding	1.50		
Southern half of the Mulkeera-Katrasgarh cross connection	0.71		
Agra-Delhi chord	(a) 121.16		
(ii) North Western—			
Jech Doab line—			
Malakwal to the Karana hills	51.40	146.07	
Oudh and Rohilkhand—			
Allahabad to Fyzabad	94.67		
(iii) Madras—			
Tellicherry to Mangalore			(b) 94.70
(iv) Southern Punjab (Delhi-Samudra)—			
Delhi Brewery to Delhi			0.79

And the mileage under construction or sanctioned for construction on the 31st March 1902 will be 2,284.27 miles, made up as follows:—

	Miles.	Miles.
5' 6" gauge—		
(i) State lines worked by companies		464.91
(ii) State lines worked by the State		146.07
(iii) Guaranteed companies		94.70
(iv) Assisted companies		0.79
		<u>706.47</u>

(v) Bengal and North-Western—			
Tirhoot section—			
Sakri to Jaijnagar	(a) 30.47		
Company's section—			
Ganges-Gogra Doab lines—			
Azamgarh to Shahganj	(b) 94.81	229.79	
Ballia to Ghasipur	31.16		
Rajputana-Malwa—			
Rewari-Phulera Chord	133.32		
Lucknow-Bareilly section (Rohilkund and Kumaon)—			
Dudwa to Mohan river		5.96	
South Indian—			
Madura to Toni Torai	91.33		
Tinnevely-Quilon (Travancore) branch (British section)	(b) 50.33	141.66	739.02
Mayavaram-Mutpet—			
Mutpet to Arantangi			(b) 45.38
Assam-Bengal—			
Damchura to Lumding	95.83		
Lakwa to Tinsukia	(b) 55.00	150.83	
Burma—			
Haipaw to Lashio	(c) 51.00		
Bassein via Heazada to Letpada	(b) 114.40	165.40	
(vi) Eastern Bengal—			
Moghalhat to Dhubri		(d) 36.85	
(vii) Bengal Dooars—			
Chalsa to Hantupara		39.00	
Noakhali (Bengal)—			
Laksam via Noakhali to Ichakhali		39.00	111.46
Sabarmati-Dholka—			
Sabarmati to Dholka		33.46	
(viii) Vijapur-Kaloi-Kadi—			
Kaloi to Kadi	12.20		
Tinnevely-Quilon (Travancore) branch (Native state section)	(b) 57.94	70.14	
(ix) Jaipur—			
Sanganer to Siwai-Madhupur			72.85
(x) Bengal-Nagpur—			
Jubbulpore-Gondia and branches (5' 6")			252.67
(xi) North Western—			
Khusalgarh-Kohat-Thal (5' 6")			88.12
(xii) Bārsi Light (5' 6")—			
Bārsi Road Junction to Pandharpur	(a) & (b) 31.00	59.00	
Bārsi Town to Tadwala	28.00		
Kalka-Simla (2' 6")		(b) 60.00	119.00
(xiii) Rewah (2' 6")—			
Rewah to Satna	(a) 31.81		
Gwalior Light (2' 6")—			
Gwalior to Sabulgarh		55.88	87.69

3' 3 1/2" gauge—		
(v) State lines worked by companies		739.02
(vi) State lines worked by the State		36.85
(vii) Assisted companies		111.46
(viii) Lines owned by native states and worked by companies		70.14
(ix) Lines owned and worked by native states		72.85
		<u>1,030.32</u>

Special (2' 6" and 2' 0") gauges—		
(x) State lines worked by companies		252.67
(xi) State lines worked by the State		88.12
(xii) Assisted companies		119.00
(xiii) Lines owned by native states and worked by companies		87.69
		<u>547.48</u>

TOTAL 2,284.27

Making a grand total of railways completed and in hand at the commencement of 1902-1903 of miles 27,813.15*

And showing, after allowing for corrections of mileage, an advance on the previous year of miles 595.25

(a) Commencement of work not yet authorized.
 (b) Correction of mileage.
 (c) The portion of the Mandalay-Kunlon railway from Lashio to the right bank of the Salween river, 53.02 miles, has been abandoned.
 (d) Excluding 12.23 miles of the Kaunia-Moghalhat section, 2' 6" gauge, converted to the metre gauge.
 * Made up as follows:
 Completed and in hand at the beginning of 1901-1902 27,217.90
 Sanctioned during 1901-1902 633.20
 Add—
 Parlakimed light railway originally treated as a tramway 25.00
 Deduct—
 Portion of Mandalay-Kunlon railway from Lashio to right bank of Salween river abandoned -53.02
 Decrease due to corrections of mileage -91.3
 27,813.15

FINANCIAL STATEMENT OF THE

It is expected that the following lengths of unfinished line will be opened for public traffic in 1902-1903:

	Miles.	Miles.
<i>5' 6" gauge—</i>		
(i) State lines worked by companies	209'46	
(ii) Guaranteed companies	17'00	
(iii) Assisted companies	0'79	227'25
<i>3' 3 3/8" gauge—</i>		
(iv) State lines worked by companies	454'23	
(v) State lines worked by the State	36'85	
(vi) Assisted companies	72'46	
(vii) Lines owned by native states and worked by companies	40'22	603'76
<i>Special (2' 6" and 2' 0") gauges—</i>		
(viii) State lines worked by the State	30'00	30'00
TOTAL		861'01

Leaving the undermentioned lines for completion in 1903-1904 or later:

	Miles.	Miles.
<i>5' 6" gauge—</i>		
(ix) State lines worked by companies	255'45	
(x) State lines worked by the State	146'07	
(xi) Guaranteed companies	77'70	479'22
<i>3' 3 3/8" gauge—</i>		
(xii) State lines worked by companies	284'79	
(xiii) Assisted companies	39'00	
(xiv) Lines owned by native states and worked by companies	29'92	
(xv) Lines owned and worked by native states	72'85	426'56
<i>Special (2' 6" and 2' 0") gauges—</i>		
(xvi) State lines worked by companies	252'67	
(xvii) State lines worked by the State	58'12	
(xviii) Assisted companies	119'00	
(xix) Lines owned by native states and worked by companies	87'69	517'48
TOTAL		1,423'26

	Miles.	Miles.	Miles.
(i) East Indian—			
Barun to Daltonganj	78'60	} 85'59	209'46
Sitarampur to Domohani	6'99		
(ii) Bengal Nagpur—			
Midnapore to Bujudih	114'39	} 123'87	17'00
Ramkanali to Nodccha	9'48		
(iii) Madras—			
Tellicherry to Azhikal			0'79
(iii) Southern Punjab—			
Delhi Brewery to Delhi			0'79

(iv) Lucknow-Bareilly section (Rohilkund and Kumaon)—			
Dudwa to the Mohan river	5'66	} 91'33	454'23
South Indian—			
Madura to Toni Torai			
Tinnevely-Quilon (Travancore) branch (British section)—			
Tinnevely to Shencotta	50'33		
Mayavaram-Mutupet			
Mutupet to Arantangi	45'38		
Assam-Bengal—			
Damchara to Lumding	95'83		
Burma—			
Hisipaw to Lashio	51'00	} 165'40	
Bassein via Mezzada to Letpadan	114'40		
(v) Eastern Bengal—			
Moghalhat to Dhubri			26'85
(vi) Bengal-Doors—			
Chalsa to Hantupara	39'00	} 72'46	
Sabarmati-Dholka—			
Sabarmati to Dholka	33'46		
(vii) Vijapur-Kalol-Kadi—			
Kalol to Kadi	12'20	} 40'22	
Tinnevely-Quilon (Travancore) branch (Native state section)	28'02		
(viii) North Western—			
Khusalgarh-Kohat-Thal—			
Khusalgarh to Kohat			30'00

(ix) East Indian—			
Shikohabad to Farukhabad	67'36	} 81'37	255'45
Katrasgarh to Khanoodih	7'80		
Jherriah to Dhanbaid	3'75		
Isara siding	1'75		
Northern half of the Mulkeera-Katrasgarh cross connection	0'71		
(ix) Bengal-Nagpur—			
Bujudih to Hariharpur	27'90	} 1'45	52'92
Bujudih to Fathardihi	1'45		
Bujudih to Mboda, including bhaga connection	21'36		
Bhowra siding	1'50		
Southern half of the Mulkeera-Katrasgarh cross connection	0'71		
Agra-Delhi chord			121'16
(x) North Western—			
Jech-Doab line—			
Malakwal to the Karana hills	51'40	} 146'07	
Oudh and Rohilkhand—			
Allahabad to Fyzabad	94'67		
(xi) Madras—			
Azhikal to Mangalore			77'70

(xii) Bengal and North-Western—			
Tirhoot section—			
Sakri to Jainagar	30'47	} 96'47	284'7
Company's section—			
Ganges-Gogra Doab lines—			
Azimgarh to Shahganj	34'84		
Ballia to Ghazipur	31'16		
Rajputana-Malwa—			
Kewari-Phulera Chord			133'32
Assam-Bengal—			
Lakwa to Tinsukia	55'00		
(xiii) Noakhali (Bengal)—			
Laksam via Noakhali to Ichakhali			39'00
(xiv) South Indian—			
Tinnevely-Quilon (Travancore) branch (Native state section)			29'92
(xv) Jaipur—			
Sanganer to Siwai-Madhapur			72'85
(xvi) Bengal-Nagpur (2' 6")—			
Jubbulpore-Gondia and branches			252'67
(xvii) North Western (2' 6")—			
Khusalgarh-Kohat-Thal—			
Kohat to Thal			58'12
(xviii) Barsi Light (2' 0")—			
Barsi Road Junction to Pandharpur	31'00	} 59'00	119'00
Barsi Town to Tadwalas	28'00		
Kalka-Simla (2' 6")—			
Kalka to Simla	60'00		
(xix) Rewah (2' 0")—			
Rewah to Suna	31'81	} 67'69	
Gwalior Light (2' 0")—			
Gwalior to Sabulgarh	55'88		

	1893-94.	1894-95.	1895-96.
Recorded Revenue compared with recorded expenditure, excluding Capital Expenditure on Public Works not charged against Revenue—			
Surplus	...	₹ 69,31,100	₹ 1,53,39,980
Deficit	₹ 1,54,69,980	...	...
Capital Expenditure on Public Works not charged against Revenue*	₹ 3,62,12,520	₹ 4,44,62,310	₹ 4,35,88,920
Ditto charge involved in Redemption of Liabilities	...	...	...
Net Public Debt incurred	4,043,311	4,822,662	—586,412
Net Public Debt incurred, including Capital transactions with Guaranteed Railways and other Companies	3,331,845	4,172,650	—500,651
Value of commodities exported, excluding Gold and Silver	₹ 106,50,30,000	108,91,40,000	114,33,50,000
Ditto imported, ditto ditto	₹ 77,02,10,000	73,52,90,000	72,93,70,000
Excess of Exports over Imports, excluding Gold and Silver	₹ 29,48,20,000	35,38,50,000	41,39,80,000
Net Imports of Gold	₹ 64,10,000	—4,97,40,000	2,52,60,000
Ditto of Silver	₹ 13,72,00,000	6,32,90,000	6,58,20,000
TOTAL NET IMPORTS OF GOLD AND SILVER	₹ 14,36,10,000	1,35,50,000	9,10,80,000
Excess of Exports over Imports including Gold and Silver	₹ 15,12,10,000	34,03,00,000	32,29,00,000
Grand Total value of Imports and Exports of all kinds	₹ 206,08,60,000	200,25,00,000	204,89,90,000
Secretary of State's Bills sold (Rupees)	₹ 15,72,36,031	30,96,98,798	31,08,54,373
Sterling Equivalent received	₹ 9,530,235	16,905,102	17,664,492
Silver coined at the Indian Mints	₹ 4,90,24,990	9,45,940	29,27,130
Maximum price in pence of an oz. troy. standard Silver in London	38½ (June)	30½ (Aug.)	31½ (Feb.)
Minimum ditto ditto	27 (Mar.)	27½ (Dec. & Ja. 1.)	29½ (Apl.)
Average Exchange upon Secretary of State's Bills sold per rupee	1s. 2.547d.	1s. 1.1005d.	1s. 1.0381d.
Fixed rate of Exchange for the Adjustment of Transactions between the Indian and Imperial Treasuries	1s. 2½d.	1s. 3½d. 1st quarter. For the remaining quarters, 1s. 1½d.	1s. 1½d.
Maximum rate of discount on Loans on demand at the Bank of Bengal, Calcutta	10 (Feb.)	9 (Apl.)	7 (Feb.)
Minimum rate of discount on Loans on demand at the Bank of Bengal, Calcutta	4 (June 29 to Nov. 15 & Nov. 30 to Jan. 10)	3 (Sept. 6th to Jan. 16th.)	3 (July 25 to Nov. 13.)
Maximum rate of discount at the Bank of England	5 (Aug. & Sept.)	2	2
Minimum ditto ditto	2 (Feb. & Mar.)	2	2
Maximum Government balances at the three Presidency Banks	₹ 3,68,54,000 (June)	4,29,20,000 (Jan.)	4,16,19,000 (May)
Minimum ditto ditto	₹ 3,01,64,000 (Nov.)	3,16,57,000 (Nov.)	3,00,15,000 (Nov.)
Maximum price in Calcutta of Government 4 per cent Rupee Securities	108—12 (June)	105—2 (June)	...
Minimum ditto ditto	99—4 (Feb.)	102—3 (May)	...
Maximum price in Calcutta of Government 3½ per cent Rupee Securities (Guaranteed)	...	105—7 (Mar.)	109—8 (Oct.)
Minimum ditto ditto	...	102—9 (Jan.)	104—15 (Jan.)
Maximum price in Calcutta of 3 per cent. Rupee Securities	...	...	...
Minimum ditto ditto	...	...	...
Maximum amount outstanding on London Register of Rupee Securities enfaced for Interest Drafts	₹ 25,97,83,000 (July)	23,63,46,000 (Apl.)	25,35,43,000 (Nov.)
Minimum ditto ditto	₹ 24,12,75,000 (Mar.)	13,73,29,000 (Dec.)	24,05,02,000 (Apl.)
Maximum price in London of 4 per cent (Rupee) Securities in Gold	71 (June)	59½ (Aug.)	...
Minimum ditto ditto	56½ (Feb.)	53½ (May)	...
Maximum price in London of 3½ per cent (Rupee) Securities in Gold	...	58½ (Mar.)	65½ (Feb.)
Minimum ditto ditto	...	53½ (Jan.)	57½ (Apl. & May)
Maximum price in London of India 3½ per cent Stock	110½ (Apl.)	116 (Feb.)	120½ (Feb.)
Minimum ditto ditto	106½ (Sept.)	108½ (June)	114½ (Apl.)
Maximum price in London of India 3 per cent Stock	100½ (Apl.)	105 (Jan.)	111½ (Feb.)
Minimum ditto ditto	97 (Sept.)	98½ (June)	103½ (May)
Maximum price in London of India 2½ per cent Stock	...	...	...
Minimum ditto ditto	...	...	...
Maximum Government Paper Currency outstanding	₹ 30,51,59,000 (Jan.)	32,35,54,000 (Nov.)	32,42,86,000 (July)
Minimum ditto ditto	₹ 24,21,60,000 (Apl.)	29,50,00,000 (Jan.)	25,94,07,000 (Mar.)
Number of Post Office Savings Banks	6,358	6,384	6,343
Number of accounts in Post Office Savings Banks	574,050	611,947	653,892
Amount deposited in Savings Banks	₹ 8,26,57,319	8,40,17,923	9,04,23,072
Average of each deposit	₹ 143.98	137.29	138.28
Net addition to deposits	₹ 44,69,592	13,60,603	64,05,149

* Excludes Capital charge involved in redemption of
† In calculating this rate, a re-remittance to India
‡ Excludes remittances of Gold Reserve Fund.

DIX IV.

FINANCIAL STATISTICS.

CELLANEOUS.

1896-97.	1897-98.	1898-99.	1899-1900.	1900-1901.	1901-1902, Revised Estimate.	1902-1903, Budget.
R 1,70,50,220 R 6,42,01,230	R 5,35,92,110 R 5,30,92,250	£ 2,640,873 £ 3,279,316	£ 2,774,623 £ 4,093,159	£ 1,670,204 £ 4,040,958	£ 4,672,900 £ 4,254,400	£ 837,700 £ 5,560,000
5,407,235	6,077,779	£ 2,553,052	£ 1,21,298	£ 10,827,153	£ 2,582,000	£ 1,041,200
7,538,228	6,651,626	£ 1,169,161	£ -787,763	£ 12,173,251	£ 2,943,400	£ 2,262,900
103,98,40,000 76,11,70,000	97,63,30,000 73,64,70,000	112,80,00,000 72,10,20,000	109,08,30,000 75,30,40,000	107,71,80,000 80,89,50,000		
27,86,70,000	23,98,60,000	40,69,80,000	33,77,90,000	26,82,30,000		
2,29,10,000 5,85,60,000	4,90,90,000 8,47,30,000	6,50,30,000 3,98,10,000	6,44,00,000 8,57,70,000	8,42,00,000 9,50,70,000		
8,14,70,000	13,38,20,000	10,48,40,000	13,61,70,000	10,34,90,000		
19,72,00,000 198,12,30,000 25,78,70,106 15,526,547 56,86,650	10,60,40,000 198,95,90,000 14,81,28,010 9,506,077 98,56,910	30,21,40,000 210,20,80,000 28,07,63,671 18,692,377 69,83,050	20,76,20,000 213,31,80,000 28,48,00,943 19,067,022 12,22,59,751	16,47,40,000 227,21,70,000 19,98,37,893 13,300,277 17,26,48,724	24,91,42,000 16,600,000† 4,05,07,600 (11 months). 27 1/8 (Apl.) 24 1/2 (Mar.) 1s. 3'9917d.	24,75,00,000 16,500,000 1s. 4d. 1s. 4d.
31 1/2 (June) 28 1/2 (Mar.) 1s. 2'4505d. 1s. 1 1/2d.	28 1/2 (Apl.) 23 1/2 (Aug.) † 1s. 3'3539d. 1s. 2 1/2d.	28 1/2 (Sept.) 25 1/2 (Apl.) 1s. 3'9784d. 1s. 1 3/4d.	29 (Apl.) 26 1/2 (Oct.) 1s. 4'0676d. 1s. 4d.	30 1/2 (Oct.) 27 1/2 (Apl.) 1s. 3'9733d. 1s. 4d.	1s. 4d.	1s. 4d.
10 (Dec. 23 to Mar. 31). 3 (July 2 to Sept. 2). 4 2	12 (Feb. 24 to Mar. 31). 5 (July 15 to Sept. 8 & 25 Nov. to 15 Dec.) 3 (Oct. to Mar.) 2 (May to Sept.)	12 (Apl. 1-27) 4 (July 28 to Sept. 7). 4 (Apl. and May Oct. to Jan.) 2 1/2 (July to Sept.)	8 (Oct. 8 to 25 and Jan. 11 to Mar. 14). 4 (July 6 to Sept. 13). 6 (Nov. 30 to Jan. 10). 3 (Apl. to July 12).	8 (Feb. 7 to Mar. 20). 3 (July 5 to Aug. 8). 5 (Jan. 3 to Feb. 1). 3 (June 14 to July 18).	8 (Feb. 12 to Mar. 21). 3 (July 7 to Aug. 21). 4 (Apl. 1 to June 5, Dec. 31 to Jan. 22). 3 (June 13 to Oct. 30 and Feb. 6 to Mar.)	
3,91,42,000 (Aug.) 2,02,19,000 (Nov.)	3,27,96,000 (Mar.) 2,02,53,000 (Sept.)	3,48,23,000 (Aug.) 2,76,74,000 (Nov.)	4,16,05,000 (June) 2,58,60,000 (Nov.)	3,31,13,000 (Jan.) 2,59,78,000 (Nov.)	3,38,00,000 (June) 2,94,49,000 (Nov.)	
110-15 (May)	104-1 (May 21)	101-11 (Feb. 22)	101-9 (May 3 and 4 and 25 to 27).	97-12 (Oct. 24)	97-7 (Aug. 15)	
98-11 (Feb.) 105 (Aug.)	94-4 (Jan. 7) 97-4 (May & June).	92-10 (Apl. 22) 95-8 (Mar. 15 to 17 and 22).	92-4 (Oct. 6) 95-8 (May 15 to 29).	93-11 (July 28) 89 (5 and 6 Apl. and 1 to 9th May).	94-7 (May 11) 87 (Apl. 1 to May 8).	
97 (Jan. to Mar.)	90-0 (Jan. to Mar.)	86-0 (Nov. 16 to Jan. 17).	88 (Mar. 13 and 14, 19, 20 and 22 to 31).	85-12 (Feb. 4 to Mar. 25).	83 (Jan. 1 to Feb. 2).	
26,64,72,000 (Nov.) 23,92,57,000 (Mar.)	23,47,80,000 (Apl.) 21,39,05,000 (Mar.)	21,93,37,000 (Oct.) 21,33,46,000 (Aug.)	21,36,32,000 (Apl.) 20,28,73,000 (Aug.)	22,25,04,000 (Sept.) 20,84,80,000 (Sept.)	22,34,60,000 (Apl.) 20,23,65,000 (Dec.)	
65 1/2 (Aug.) 60 (Oct.) 122 1/2 (Apl.) 114 1/2 (Sept.) 15 1/2 (May) 106 (Oct.) 103 (June) 95 1/2 (Sept.)	64 1/2 (Jan.) 60 1/2 (Dec.) 119 1/2 (Aug.) 114 1/2 (Mar.) 112 1/2 (May) 105 (Mar.) 99 1/2 (Apl.) 92 (Mar.)	67 1/2 (Mar.) 61 1/2 (Oct. and Nov.) 117 1/2 (Mar.) 111 (Oct.) 109 1/2 (Feb.) 103 1/2 (Oct.) 94 1/2 (Mar.) 84 1/2 (Oct.)	67 1/2 (Apl.) 62 (Oct. and Dec.) 116 1/2 (Apl.) 104 1/2 (Dec.) 109 1/2 (Aug.) 98 1/2 (Dec.) 99 1/2 (Apl.) 85 (Dec.)	65 (Nov.) 62 1/2 (July) 111 1/2 (Apl.) 105 (July) 103 1/2 (Apl.) 95 (Aug.) 90 1/2 (May) 85 (Aug.)	64 1/2 (Feb.) 63 (July) 109 1/2 (Aug.) 106 1/2 (July) 102 (June) 97 1/2 (Oct.) 87 (Apl.) 81 1/2 (Dec.)	
29,58,99,000 (July) 23,57,85,000 (Feb.)	24,75,40,000 (Mar.) 22,86,16,300 (May)	28,20,33,000 (Mar.) 23,24,55,000 (May)	29,27,12,000 (July) 26,26,32,000 (Dec.)	30,78,41,000 (July) 27,89,64,000 (Apl.)	31,85,96,000 (Oct.) 27,67,80,000 (Feb.)	
6,420 713,320 9,63,92,411 135'13 59,09,339	6,290 739,387 9,28,72,978 127'15 -35,19,433	6,310 755,871 9,42,80,041 124'73 14,07,061	6,479 785,729 9,64,64,466 122'77 21,84,425	6,636 816,651 10,04,32,369 122'98 39,68,103		

liabilities.
of R1,00,00,000 by means of Bank drafts is taken into account.

APPENDIX IV—continued.

COMMERCIAL AND FINANCIAL STATISTICS.

Table II.—Statement showing the true financial results to the Revenues of India of the guarantee of interest upon the Capital of Guaranteed Railway Companies.
(Omitting 000 in rupee figures except in accounts.)

	1896-97.	1897-98.	1898-99.	1899-1900.	1900-1901.	Revised Estimate, 1901-1902.	Budget Estimate, 1902-1903.
	Miles.	Miles.	Miles.	Miles.	Miles.	Miles.	Miles.
Open mileage at end of official year	2,588	2,588	2,588	2,612	1,305	1,348	1,365
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Gross traffic receipts	5,68,51,797	5,41,45,964	6,38,10,069	6,26,01,464	3,78,25,951	2,79,10	2,82,50
Working expenses	3,05,16,161	3,21,32,048	3,29,83,339	3,39,93,236	1,80,72,459	1,30,25	1,33,50
Percentage of working expenses on receipts	53.67	59.34	51.69	54.30	47.78	46.67	47.26
Net Revenue	2,63,41,636	2,20,13,916	3,08,26,730	2,86,08,228	1,97,53,492	1,48,85	1,49,00
Guaranteed Interest paid in England £	2,160,967	2,154,784	2,162,525	2,172,336	1,589,417	1,009,500	1,029,300
Ditto converted at Rs. 15 = £1 from 1898-99	3,58,90,067	3,36,81,849	3,24,37,876	3,25,85,042	2,38,41,249	1,51,42	1,54,40
Guaranteed interest paid in India plus interest on overdrawn Capital	82,246	88,990	82,089	1,28,387	1,22,657	1,04	1,63
Surplus paid to Railway Companies	44,73,021	11,03,022	36,18,447	42,03,949	25,81,739	23,05	20,00
Land and Supervision	2,80,824	1,59,111	3,63,890	9,47,051	—16,263	55	2,64
Net loss on receipts and disbursements of Capital in India at the contract rates of exchange instead of at the average yearly rates obtained for the Secretary of State's bills	8,31,480	11,04,620	18,16,734	21,01,940	97,052	—2,22	9,59
Total Expenditure	4,15,57,638	3,61,37,592	3,83,19,036	3,99,66,369	2,66,26,434	1,73,84	1,88,26
Net Expenditure from the Public Treasury	1,52,16,002	1,41,23,676	74,92,306	1,13,58,141	68,72,942	24,99	39,26

APPENDIX IV—continued.

COMMERCIAL AND FINANCIAL STATISTICS.

Table III.—Capital expenditure on State Railways in 1900-1901, and estimated expenditure on such works in 1901-1902 and 1902-1903, and to end of 1902-1903.

RAILWAYS.	To end of 1899-1900.	Accounts, 1900-1901.	Revised Estimate, 1901-1902.	Budget Estimate, 1902-1903.	To end of 1902-1903.	Sanctioned outlay.	Balance remaining unspent.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
OPEN LINES.							
East Indian	27,73,13,839	1,68,96,565	1,47,50,000	1,87,50,000	32,77,16,424	32,77,16,424	...
Rajputana-Malwa System	15,15,94,241	20,89,503	14,88,000	30,00,000	15,81,71,744	15,81,71,744	...
Palanpur-Deesa	2,33,264	...	3,000	1,000	2,37,264	2,37,264	...
Bhopal	24,35,646	48,950	1,92,000	3,65,000	30,41,596	30,41,596	...
Warora Colliery	17,27,185	-56,384	-60,000	-35,000	15,75,801	15,75,801	...
Burma	7,69,12,324	...	...	...	7,69,12,324	7,69,12,324	...
Jorhat	9,21,906	-11,780	-2,000	3,000	9,11,126	9,11,126	...
Cherra-Companyganj	7,69,245	-549	...	...	7,68,696	7,68,696	...
Eastern Bengal	11,07,18,394	18,26,197	36,76,000	62,99,000	12,25,19,591	12,25,19,591	...
Tirhoot	2,81,13,660	20,89,037	5,00,000	10,05,000	3,17,07,897	3,17,07,897	...
Oudh and Rohilkhand	18,07,84,685	10,77,170	13,03,000	51,47,000	18,83,11,855	18,83,11,855	...
Lucknow-Bareilly	51,21,139	...	...	...	51,21,139	51,21,139	...
North Western	45,29,55,259	50,98,597	55,66,000	67,61,000	47,03,80,850	47,03,80,850	...
Guntakal-Mysore frontier	58,98,608	3,769	...	10,000	59,12,377	59,12,377	...
South Indian	9,53,07,979	3,46,941	4,50,000	8,00,000	9,69,04,920	9,69,04,920	...
Mayavaram-Mutupet	25,22,058	...	-8,20,000	13,11,000	30,13,058	30,13,058	...
Jodhpur-Hyderabad (British Section)	34,74,642	3,83,059	2,25,000	40,000	41,22,701	41,22,701	...
Petroleum Operations	1,19,187	...	...	...	1,19,187	1,19,187	...
Frontier Railway Reserve Material	43,47,608	-2,026	...	...	43,45,582	43,45,582	...
Peshawar Railway Reserve Material	3,61,478	-2,30,744	2,00,000	...	3,30,734	3,30,734	...
Great Indian Peninsula	1,65,37,669	9,25,28,425	8,16,000	2,30,000	11,01,12,094	11,01,12,094	...
East Coast—Northern Section	2,64,71,368	44,62,988	...	...	3,09,34,356	3,09,34,356	...
Madras Railway—North-East Line	5,58,36,590	2,56,529	-8,00,000	25,25,000	5,78,18,119	5,78,18,119	...
Bezwada Extension	11,51,712	-33	8,000	8,000	11,67,679	11,67,679	...
TOTAL	1,50,16,35,906	12,68,06,214	2,74,95,000	4,62,20,000	1,70,21,57,120	1,70,21,57,120	...
LINES UNDER CONSTRUCTION.							
Assam-Bengal (Construction)	4,98,45,215	6,55,431	74,02,000	61,54,000	6,40,56,646	6,66,84,000	-10,49,529
Ditto (Land)	35,68,849	35,034	53,000	20,000	36,76,883		
Ditto (Chittagong Jetties)	6,64,836	-38,616	45,000	30,000	7,01,220		
Indus Bridge	28,49,178	-60,509	-63,000	...	27,25,669	31,01,000	3,75,351
Jech-Doab	...	...	1,20,000	20,00,000	21,20,000	25,70,000	4,50,000
Nowshera-Dargai	7,63,978	8,34,935	4,05,000	2,89,000	22,92,913	22,08,000	-84,913
Madura-Pamban	2,83,543	14,17,041	31,10,000	15,00,000	63,10,584	68,90,000	5,79,416
Hyderabad-Rahuki Section	3,08,304	34,418	8,000	...	3,50,722	4,52,000	1,01,278
Hajipur-Katihar extension	1,07,69,426	33,03,413	22,46,000	11,15,000	1,74,33,839	1,20,57,000	-45,76,839
Godavari Bridge	52,54,774	3,83,619	-50,000	...	55,88,393	59,70,000	3,81,607
Doubling the line from Tiljola to Dum-Dum (Eastern Bengal railway)	...	...	1,50,000	4,54,000	6,04,000	50,36,000	44,32,000
Extensions to Chitpore (,,)	...	...	17,00,000	18,34,000	35,34,000	29,45,000	-5,89,000
Rungpur-Dhubri Extension	(a) 7,46,957	18,32,640	23,00,000	8,50,000	57,29,597	45,44,000	-11,85,597
Teesta Bridge	13,97,750	3,90,646	67,000	10,000	18,65,396	19,58,000	92,604
Jullunder-Hoshiarpur	14,531	...	...	...	14,531	15,000	469
Ludhiana-Ferozepur	28,311	...	...	...	28,311	29,000	689
Agra-Delhi Chord	94,267	6,625	1,000	...	1,01,892	90,76,000	89,74,108
Allahabad-Fyzabad	...	...	5,00,000	50,00,000	55,00,000	1,17,09,000	62,09,000
Ghaziabad-Moradabad	57,41,594	18,17,033	7,46,000	...	83,04,627	82,71,000	-33,627
Tinnevely-Quilon—British Section	3,27,748	6,96,922	17,13,000	9,00,000	36,37,670	45,06,000	8,68,330
Ditto —Native State Section	...	14,36,436	38,64,000	21,00,000	74,00,436	1,12,65,000	38,64,564
Khushalgarh-Kohat-Thal	(b) 32,000	3,42,861	28,79,000	18,27,000	50,80,861	50,96,000	15,139
TOTAL	8,26,91,261	1,30,87,029	2,71,96,000	2,40,83,000	14,70,58,190	16,59,18,000	1,88,59,810
Carried forward	1,58,43,27,167	13,98,94,143	5,46,91,000	7,03,03,000	1,84,92,15,310	1,86,80,75,120	1,88,59,810

(a) Includes Rs 99,752 on account of survey outlay brought on during 1900-1901.
 (b) Survey outlay brought on to the construction account during 1900-1901.

APPENDIX IV—continued.

COMMERCIAL AND FINANCIAL STATISTICS.

Table III.—Capital expenditure on State Railways in 1900-1901, and estimated expenditure on such works in 1901-1902 and 1902-1903, and to end of 1902-1903—concluded.

RAILWAYS.	To end of 1899-1900.	Accounts, 1900-1901.	Revised Estimate, 1901-1902.	Budget Estimate, 1902-1903.	To end of 1902-1903.	Sanctioned outlay.	Balance remaining unspent.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Brought forward	1,58,43,27,167	1,36,86,94,143	5,46,91,000	7,03,03,000	1,84,92,15,310	1,86,80,75,120	1,88,59,810
LINES IN ABEYANCE OR TRANSFERRED TO COMPANIES, ETC.							
Ranaghat-Bhagwangola	3,02,450	...	...	...	3,02,450	3,02,450	...
Southern Mahratta (Depreciation on works, etc.)	5,27,071	...	...	...	5,27,071	5,27,071	...
Bellary-Kistna	1,65,78,416	...	...	...	1,65,78,416	1,65,78,416	...
Bilaspur-Etawah	75,132	...	...	...	75,132	75,132	...
Vizagapatam-Raipur	2,45,035	...	...	...	2,45,035	2,45,035	...
Nagpur-Chhattisgarh Depreciation Account	6,57,038	...	...	...	6,57,038	6,57,038	...
Umaria Colliery	1,82,672	...	...	...	1,82,672	1,82,672	...
TOTAL	1,85,67,814	...	...	...	1,85,67,814	1,85,67,814	...
Stores	2,72,861	6,85,905	...	...	9,58,766	9,58,766	...
Reserve	...	...	...	44,11,000	44,11,000	44,11,000	...
TOTAL	1,60,31,67,842	14,05,80,048	5,46,91,000	7,47,14,000	1,87,31,52,890	1,89,20,12,700	1,88,59,810
<i>Distributed as under—</i>							
CAPITAL EXPENDITURE ON PUBLIC WORKS (not charged to Revenue)—							
State Railways—Construction*	95,00,52,252	5,17,57,127	5,55,13,000	7,34,00,000	1,13,07,22,379	1,13,07,22,379	
Redemption of Liabilities	59,32,48,396	8,88,35,250	...	...	759,20,83,646	759,20,83,646	
FAMINE RELIEF AND INSURANCE—							
Protective Railways	7,24,12,846	...	...	...	7,24,12,846	7,24,12,846	
CONSTRUCTION OF RAILWAYS (charged against Revenue in addition to that under Famine Insurance)	5,45,35,712	...	...	...	5,45,35,712		
CONSTRUCTION OF RAILWAYS (charged to Provincial or Local Revenues)	1,06,12,454	—12,329	—8,22,000	13,14,000	1,10,92,125		
OTHER EXPENDITURE charged against Revenue	1,23,06,182	...	...	...	1,23,06,182		
TOTAL AS ABOVE	1,60,31,67,842	14,05,80,048	5,46,91,000	7,47,14,000	1,87,31,52,890		

* INCLUDES DEBENTURES RAISED BY COMPANIES—

East Indian Railway	4,27,43,140	2,64,74,916	1,63,000	2,62,50,000	9,56,31,056
South Indian Railway	...	37,59,234	1,12,98,000	37,50,000	1,88,07,234
Great Indian Peninsula Railway	...	...	...	30,00,000	30,00,000
TOTAL	4,27,43,140	3,02,34,150	1,14,61,000	3,30,00,000	11,74,38,290

Rs.

† East Indian Railway	18,08,98,229
Eastern Bengal Railway	2,35,46,757
Oudh and Rohilkhand Railway	15,50,40,735
North Western Railway	7,30,74,320
South Indian Railway	7,03,88,355
Great Indian Peninsula Railway	8,88,35,250
TOTAL	59,20,83,646

APPENDIX IV—continued.

COMMERCIAL AND FINANCIAL STATISTICS.

Table IV.—Capital Expenditure on Irrigation—Major Works, in 1900-1901, and estimated expenditure on such works in 1901-1902 and 1902-1903, and to the end of 1902-1903.

	Actual outlay to end of 1899-1900.	Accounts, 1900-1901.	Revised Estimate, 1901-1902.	Budget Estimate, 1902-1903.	Total Actual and estimated outlay to end of 1902-1903.	Sanctioned estimate.	Balance of sanctioned estimate remaining to be spent.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
IRRIGATION WORKS.							
CAPITAL EXPENDITURE NOT CHARGED TO REVENUE:							
<i>Burma.</i>							
Mandalay Canal	26,42,661	8,60,659	5,55,000	4,99,000	45,57,320	46,06,719	49,399
Shwebo Canal	2,814	1,28,959	7,04,000	8,21,000	16,56,773	46,28,060	29,71,287
<i>Bengal.</i>							
Orissa Canals	2,58,27,266	32,030	50,000	83,000	2,59,92,296	...	...
Midnapur Canal	82,88,766	...	6,000	...	82,94,766	...	...
Hijil-Tidal Canal	25,51,729	...	...	...	25,51,729	...	...
Sone Canals	2,58,34,727	9,593	9,000	12,000	2,58,65,320	...	...
<i>North-Western Provinces and Oudh.</i>							
Ganges Canal	2,83,01,083	78,753	51,000	5,08,000	2,89,38,836	...	...
Lower-Ganges Canal	3,36,51,790	72,890	59,000	96,000	3,38,79,680	...	...
Ditto Fatchpur Branch	29,75,716	86,443	93,000	1,48,000	33,03,159	...	...
Agra Canal	88,81,461	47,231	30,000	42,000	90,00,692	...	...
Eastern Jumna Canal	36,71,969	74,645	67,000	1,16,000	39,28,714	...	...
<i>Punjab.</i>							
Western Jumna Canal (including Sirsa Branch)	1,62,82,949	57,282	81,000	62,000	1,64,83,231	...	...
Bari Doab Canal	1,76,14,958	1,77,609	6,64,000	6,00,000	1,90,56,561	...	...
Sichind Canal (State outlay)	2,31,63,913	1,16,405	11,000	1,80,000	2,34,71,318	...	...
Chenab Canal	2,45,68,186	6,95,470	7,05,000	12,00,000	2,71,68,656	...	...
Jhelum Canal	34,17,841	34,29,048	23,54,000	21,00,000	1,13,00,839	1,21,69,085	8,68,196
<i>Madras.</i>							
Godavari Delta System	1,12,25,084	77,765	1,01,000	70,000	1,14,73,849	...	...
Kistna Delta System	1,26,90,919	1,35,090	2,52,000	4,11,000	1,34,89,009	...	...
Pennet River Canals System	48,94,912	1,02,844	1,39,000	1,56,000	52,92,756	...	...
Periyar Project	85,08,256	50,039	49,000	1,24,000	87,31,295	...	...
<i>Bombay.</i>							
Desert Canal	14,36,160	3,58,624	3,83,000	3,33,000	25,14,784	...	...
Begari "	16,57,544	...	...	...	16,57,544	...	...
Eastern Nara Works	60,72,764	1,40,276	1,26,000	1,35,000	61,93,488	...	...
Jamrao Canal	64,99,217	9,05,929	4,44,000	4,23,000	82,72,146	77,26,671	...
Mutha Canals	64,26,385	5,076	36,000	1,53,000	66,25,361	...	...
Other projects	3,32,15,833	15,57,339	14,40,000	20,27,000	3,82,49,172	...	...
Deduct—Outlay incurred from Ordinary Revenues	32,03,03,997	89,20,347	84,20,000	1,03,05,000	34,79,49,344	...	...
	5,61,44,959	63,106	1,18,000	3,05,000	5,66,31,065	...	...
TOTAL	26,41,59,038	88,57,241	83,02,000	1,00,00,000	29,13,18,279	...	...
PROTECTIVE IRRIGATION WORKS.							
<i>Bengal.</i>							
Dhaka Canal	20,653	9,635	63,000	1,21,000	2,44,288	2,85,491	71,183
Trebeni Canal	1,21,463	1,260	2,48,000	5,89,000	9,59,723	37,04,802	27,45,079
<i>North-Western Provinces and Oudh.</i>							
Betwa Canal	41,53,669	1,14,625	45,000	1,10,000	44,23,294	...	...
<i>North-West Frontier Province.</i>							
Swat River Canal	39,82,726	8,981	7,000	60,000	40,58,707	...	...
<i>Madras.</i>							
Rushikulya Project	43,51,019	38,525	45,000	70,000	45,04,544	45,53,000	48,456
<i>Bombay.</i>							
Nira Canal	53,55,584	1,673	...	13,000	53,70,257	...	...
Other projects	24,31,704	2,41,441	6,03,000	4,45,000	37,21,145	...	...
Deduct—Outlay incurred from Ordinary Revenues	2,04,16,818	4,16,140	10,11,000	14,08,000	2,32,51,958	...	...
	28,93,110	...	...	...	28,93,110	...	...
TOTAL	1,75,23,708	4,16,140	10,11,000	14,08,000	2,03,58,848	...	...
GRAND TOTAL	28,16,82,746	92,73,381	93,13,000	1,14,08,000	31,16,77,127	...	...

FINANCIAL STATEMENT OF THE

APPENDIX IV—continued.

COMMERCIAL AND FINANCIAL STATISTICS.

Table V.—Gross traffic receipts, working expenses, and net traffic receipts of Guaranteed and State Railways for five years ending 1900-1901, with Revised Estimates for 1901-1902 and Budget Estimates for 1902-1903.

	ACCOUNTS.					Revised Estimate, 1901-1902.	Budget Estimate, 1902-1903.
	1896-97.	1897-98.	1898-99.	1899-1900.	1900-1901.		
GUARANTEED RAILWAYS.	<i>M.</i>	<i>M.</i>	<i>M.</i>	<i>M.</i>	<i>M.</i>	<i>M.</i>	<i>M.</i>
Open mileage at beginning of year	2,587	2,588	2,588	2,588	2,612	1,305	1,348
<i>Gross Traffic Receipts.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>
Madras	1,09,98,075	1,13,97,301	1,02,35,380	1,09,06,956	1,15,52,942	1,14,50,000	1,14,00,000
Ditto Extensions . . . . .	...	...	...	...	...	60,000	3,50,000
Bombay, Baroda and Central India	1,52,15,406	1,40,17,891	1,67,45,041	1,84,32,686	1,73,43,582	1,64,00,000	1,65,00,000
Great Indian Peninsula	3,06,38,316	2,87,30,772	3,68,29,648	3,32,61,822	89,29,427	...	...
TOTAL	5,68,51,797	5,41,45,964	6,38,10,069	6,26,01,464	3,78,25,951	2,79,10,000	2,82,50,000
<i>Working Expenses.</i>							
Madras	55,07,398	55,05,832	51,88,748	57,09,501	56,71,710	57,00,000	57,00,000
Ditto Extensions . . . . .	...	...	...	...	...	25,000	1,50,000
Bombay, Baroda and Central India	71,62,458	78,89,334	72,51,431	90,16,496	83,57,857	73,00,000	75,00,000
Great Indian Peninsula	1,78,40,305	1,87,36,882	2,05,43,160	1,92,67,239	40,42,892	...	...
TOTAL	3,05,10,161	3,21,32,048	3,29,83,339	3,39,93,236	1,80,72,459	1,30,25,000	1,33,50,000
<i>Net Traffic Receipts.</i>							
Madras	54,90,677	58,91,469	50,46,632	51,97,455	58,81,232	57,50,000	57,00,000
Ditto Extensions . . . . .	...	...	...	...	...	35,000	2,00,000
Bombay, Baroda and Central India	80,52,948	61,28,557	94,93,610	94,16,190	89,85,725	91,00,000	90,00,000
Great Indian Peninsula	1,27,98,011	99,93,890	1,62,86,488	1,39,94,583	48,86,535	...	...
TOTAL	2,63,41,636	2,20,13,916	3,08,26,730	2,86,08,228	1,97,53,492	1,48,85,000	1,49,00,000

APPENDIX IV—continued.

	Accounts.					Revised Estimate, 1901-1902.	Budget Estimate, 1902-1903.
	1896-97.	1897-98.	1898-99.	1899-1900.	1900-1901.		
STATE RAILWAYS.							
(a) Open mileage at beginning of year	M.	M.	M.	M.	M.	M.	M.
	14,721	15,378	15,582	16,643	17,136	19,317	19,410
Gross Traffic Receipts.							
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
East Indian { England	3,820	3,595	3,455	3,450	3,450	3,000	3,000
{ India	5,45,05,345	5,88,41,206	6,01,07,531	6,58,04,353	6,75,19,065	7,10,00,000	7,10,00,000
Rajputana-Malwa System	2,01,09,829	1,97,44,695	2,28,60,759	2,77,81,248	2,84,63,308	2,79,00,000	2,75,00,000
Bhopal	1,63,689	1,52,216	1,93,364	2,09,610	2,55,120	3,00,000	2,95,000
Palampur-Deesa	51,862	39,696	40,271	49,701	40,983	35,000	40,000
Warora Colliery	5,20,646	5,52,256	6,09,393	5,77,182	6,59,350	7,10,000	7,00,000
Wardha Coal	2,06,078	1,98,857	2,09,600	2,07,216	1,75,380	...	...
Bengal-Nagpur	61,28,992	61,53,113	73,81,307	1,07,42,719	1,21,44,574	1,30,00,000	1,45,00,000
Umaria Colliery	3,91,333	3,85,062	4,78,862	14,995	...	...	...
Burma	73,92,814	86,92,755	86,77,541	94,69,988	1,13,34,182	1,22,00,000	1,25,00,000
Mu Valley	6,49,809	10,65,504	14,22,065	16,04,649	18,21,277	21,50,000	23,00,000
Assam-Bengal	6,64,449	1,07,237	94,036	91,299	85,785	87,000	88,000
Jorhat	91,805	5,797	6,505	6,355	4,818	3,000	...
Cherra-Companyganj	26,975	1,53,02,138	1,41,48,932	1,61,22,698	1,71,05,226	1,68,00,000	1,70,00,000
Eastern Bengal	1,50,05,866	62,50,386	66,33,807	81,68,864	84,24,104	98,00,000	1,00,00,000
Bengal and North-Western and Tirhoot	56,50,067	11,83,699	10,38,158	11,49,611	13,61,919	14,00,000	14,00,000
Bengal Central	9,35,145	...	...	...	...	1,60,000	1,82,000
Brahmaputra-Sultanpur Branch	...	...	...	...	...	1,33,00,000	1,30,00,000
Oudh and Rohilkhand	81,86,207	88,21,064	1,00,88,265	1,13,25,817	1,16,10,252	45,000	...
Indian Midland { England	...	...	...	...	...	80,50,000	80,00,000
{ India	48,57,459	56,86,339	57,13,632	73,33,950	89,21,183	13,75,000	14,00,000
Lucknow-Bareilly	7,93,351	8,99,020	10,43,931	13,09,526	12,74,927	2,25,000	2,60,000
Hardwar-Dehra	...	...	...	...	48,031	4,35,00,000	3,90,00,000
North-Western	2,88,79,068	3,48,28,212	3,64,17,015	3,53,04,846	3,22,31,188	1,03,00,000	1,06,00,000
South Indian	89,92,806	89,44,017	84,35,906	86,58,220	90,20,566	14,00,000	14,00,000
Mysore	15,84,068	18,99,315	12,10,229	11,24,012	14,53,141	2,70,000	2,95,000
Bezwada Extension	...	...	...	...	...	46,50,000	47,00,000
North East Line, Madras Railway (East Coast, Southern Section)	27,21,149	31,26,053	31,77,776	52,81,401	60,95,150	4,25,000	4,20,000
Guntakal-Mysore Frontier	4,86,633	6,36,828	3,87,828	4,05,156	4,59,810	...	1,30,000
Tinnevely-Quilon	...	...	...	...	...	3,00,000	3,60,000
Mayavaram-Mutupet	2,57,203	2,58,372	2,45,846	2,38,518	2,42,502	...	...
Dhond and Manmad* (net)	3,67,395	2,81,272	2,89,635	2,99,554	2,11,534	...	...
Southern Mahratta	65,88,447	61,74,980	49,94,337	62,93,041	63,75,599	56,00,000	62,00,000
Hyderabad-Shadipalli	1,83,728	2,11,653	2,29,706	2,20,367	1,97,480	4,60,000	4,80,000
Jodhpur-Hyderabad (British Section)	...	...	...	...	12,802	...	...
Great Indian Peninsula	...	...	...	...	2,67,52,243	4,18,00,000	4,00,00,000
In England	3,820	3,595	3,455	3,450	3,450	48,000	3,000
„ India	17,63,92,218	19,04,41,652	19,61,36,237	21,97,94,896	25,43,03,499	28,72,00,000	28,37,50,000
TOTAL	17,63,96,038	19,04,45,247	19,61,39,692	21,97,98,346	25,43,06,949	28,72,48,000	28,37,53,000

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

(e) Includes the length of the Bengal and North-Western Railway.

APPENDIX IV—continued.

	ACCOUNTS.					Revised Estimate, 1901-1902.	Budget Estimate, 1902-1903.
	1896-97.	1897-98.	1898-99.	1899-1900.	1900-1901.		
<i>Working Expenses.</i>	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
East Indian	1,84,90,208	1,95,32,035	2,33,39,483	2,50,54,050	2,44,32,167	2,61,00,000	2,60,00,000
Rajputana-Malwa System	1,02,69,023	99,30,441	1,21,28,709	1,29,30,695	1,46,14,424	1,28,50,000	1,30,00,000
Bhopal	1,00,943	91,080	1,13,929	1,25,531	1,27,788	1,52,000	1,40,000
Palampur-Deesa	35,880	27,424	26,514	27,831	37,279	27,000	28,000
Warora Colliery	3,47,718	3,95,929	4,26,619	4,05,760	4,18,647	4,30,000	4,40,000
Wardha Coal	1,22,219	1,40,326	1,31,773	1,24,716	94,626	...	...
Bengal-Nagpur	35,25,211	31,70,834	36,16,820	45,80,706	53,76,704	73,00,000	73,00,000
Umaria Colliery	3,96,921	3,77,229	4,51,067	16,848	...	...	...
Burma	38,00,524	51,97,866	52,71,162	55,53,838	66,60,429	73,30,000	71,50,000
Mu Valley	8,17,674	8,97,608	13,79,359	12,34,774	14,25,435	16,50,000	16,50,000
Assam-Bengal	6,75,233	8,97,608	13,79,359	12,34,774	14,25,435	16,50,000	16,50,000
Jorhat	72,623	81,701	88,183	1,03,821	94,770	94,000	75,000
Cherra-Companyganj	25,913	68,628	1,07,271	43,911	19,534	8,000	...
Eastern Bengal	60,40,686	66,64,217	66,44,427	72,72,708	81,43,336	86,00,000	92,00,000
Bengal and North-Western and Tirhoot	43,72,762	44,33,591	48,23,561	63,93,740	75,64,228	75,30,000	77,00,000
Bengal Central	6,92,277	8,13,198	7,71,673	8,07,735	9,20,155	9,00,000	9,00,000
Brahmaputra-Sultanpur Branch	...	...	...	...	...	82,000	90,000
Oudh and Rohilkhand	45,00,835	46,15,177	47,92,194	50,44,137	58,76,434	67,00,000	65,00,000
Indian Midland	28,99,699	31,25,639	32,45,596	38,01,188	43,98,626	40,96,000	38,40,000
Lucknow-Bareilly	5,24,593	5,34,976	6,00,961	7,73,507	6,92,805	7,50,000	7,50,000
Hardwar-Dehra	...	...	...	...	24,016	1,23,000	1,50,000
North Western	1,71,05,883	1,83,01,773	1,91,54,545	1,50,26,943	1,88,63,796	2,20,00,000	2,15,00,000
South Indian	51,68,948	50,78,583	49,58,361	47,25,019	47,99,860	56,00,000	60,00,000
Mysore	10,91,865	13,32,970	9,68,892	8,34,759	10,78,609	11,50,000	10,50,000
Bezwada Extension	...	...	...	...	...	1,10,000	1,16,000
North East line, Madras Railway (East Coast, Southern Section)	20,83,457	21,53,985	22,71,399	31,99,538	33,96,035	24,00,000	24,00,000
Guntakal-Mysore Frontier	2,78,467	3,71,670	2,69,557	2,62,609	2,95,561	3,00,000	2,90,000
Tinnevely Quilon	...	...	...	...	...	...	68,000
Mayavaram-Mutupet	1,51,909	1,49,832	1,69,999	1,39,379	1,35,869	1,69,000	2,13,000
Southern Mahratta	44,78,578	43,78,972	39,46,803	45,93,822	48,03,985	43,50,000	48,50,000
Hyderabad-Shadipalli	1,25,484	1,46,397	1,54,057	1,39,499	1,25,616	...	...
Jodhpur-Hyderabad (British Section)	...	...	...	...	12,217	2,48,000	2,50,000
Great Indian Peninsula	...	...	...	...	1,25,52,735	2,03,92,000	1,93,75,000
TOTAL	8,81,95,533	9,20,12,021	9,98,52,914	10,72,17,062	12,69,85,686	14,14,41,000	14,10,25,000

APPENDIX IV—continued.

	Accounts.					Revised Estimate, 1901-1902.	Budget Estimate, 1902-1903.
	1896-97.	1897-98.	1898-99.	1899-1900.	1900-1901.		
<i>Net Traffic Receipts.</i>	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
East Indian	3,60,18,957	3,93,12,766	3,67,71,503	4,07,53,753	4,30,90,348	4,49,03,000	4,50,03,000
Rajputana-Malwa System	98,40,806	98,14,254	1,07,32,050	1,48,50,555	1,38,50,884	1,50,50,000	1,45,00,000
Bhopal	62,746	61,136	79,435	84,079	1,27,332	1,48,000	1,55,000
Palanpur-Deesa	15,982	12,272	13,757	21,870	3,704	8,000	12,000
Warora Colliery	1,72,928	1,56,327	1,82,774	1,71,422	2,40,703	2,80,000	2,60,000
Wardha Coal	83,859	58,531	77,827	82,500	80,754	...	...
Bengal-Nagpur	26,03,781	29,82,279	37,64,487	61,62,013	67,67,870	57,00,000	72,00,000
Umaria Colliery	-5,588	7,833	27,795	-1,853	...	...	...
Burma	35,92,290	34,94,949	34,06,379	39,16,150	46,73,753	48,70,000	53,50,000
Mu Valley	-1,67,865						
Assam-Bengal	-10,784	1,67,896	42,706	3,69,875	3,95,842	5,00,000	6,50,000
Jorhat	19,182	25,536	5,853	-12,522	-8,985	-7,000	13,000
Cherra-Companyganj	1,062	-62,921	-1,00,766	-37,556	-14,716	-5,000	...
Eastern Bengal	89,65,180	86,37,921	75,04,505	88,49,990	89,61,890	82,00,000	78,00,000
Bengal and North-Western and Tirhoot	12,77,305	18,16,795	18,10,246	17,75,124	8,59,876	22,70,000	23,00,000
Bengal Central	2,42,868	3,70,501	2,66,485	3,41,876	4,41,764	5,00,000	5,00,000
Brahmaputra-Sultanpur Branch . . . . .	...	...	...	...	...	78,000	92,000
Oudh and Rohilkhand	36,85,372	42,05,887	52,96,071	62,81,680	57,33,818	66,00,000	65,00,000
Indian Midland	19,57,760	25,60,700	24,68,036	35,32,762	45,22,557	39,99,000	41,60,000
Lucknow-Bareilly	2,68,758	3,64,039	4,42,970	5,36,019	5,82,122	6,25,000	6,50,000
Hardwar-Dehra . . . . .	...	...	...	...	24,015	1,02,000	1,10,000
North-Western	1,17,73,185	1,65,26,444	1,72,62,470	1,62,77,903	1,33,67,392	2,15,00,000	1,75,00,000
South Indian	38,23,858	38,65,434	34,77,545	39,33,201	42,20,706	47,00,000	46,00,000
Mysore	4,92,203	5,66,345	2,41,337	2,89,253	3,74,532	2,50,000	3,50,000
Bezwada Extension . . . . .	...	...	...	...	...	1,60,000	1,79,000
North East line, Madras Railway (East Coast, Southern Section).	6,37,692	9,72,068	9,06,377	20,81,863	26,99,115	22,50,000	23,00,000
Guntakal-Mysore Frontier	2,08,166	2,65,158	1,18,271	1,42,547	1,64,249	1,25,000	1,30,000
Tinnevely-Quilon . . . . .	...	...	...	...	...	...	62,000
Mayavaram-Mutupet	1,05,294	1,08,540	75,847	99,139	1,06,633	1,31,000	1,47,000
Dhond and Manmad	3,67,395	2,81,272	2,89,635	2,99,554	2,11,534	...	...
Southern Mahratta	21,09,869	17,96,008	10,47,534	16,99,219	15,71,614	12,50,000	13,50,000
Hyderabad-Shadipalli	58,244	65,256	75,649	80,868	71,864	2,12,000	2,30,000
Jodhpur-Hyderabad (British Section) . . . . .	...	...	...	...	585		
Great Indian Peninsula . . . . .	...	...	...	...	1,41,99,508	2,14,08,000	2,06,25,000
TOTAL	8,82,00,505	9,84,33,226	9,62,86,778	11,25,81,284	12,73,21,263	14,58,07,000	14,27,28,000

APPENDIX IV—continued.

COMMERCIAL AND FINANCIAL STATISTICS—continued.

Table VI.—Gross receipts, working expenses, and net earnings of Irrigation—Major Works, for five years ending 1900-01, with Revised Estimates for 1901-02, and Budget Estimates for 1902-03—continued.

	ACTUALS.					Revised Estimate, 1901-02.	Budget Estimate, 1902-03.
	1896-97.	1897-98.	1898-99.	1899-1900.	1900-01.		
TOTAL REVENUE—	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>
Mandalay canal . . . . .	...	...	...	...	...	...	45,000
Orissa canals	4,74,217	5,54,757	4,69,554	4,42,497	4,08,888	3,98,000	3,98,000
Midnapur canal	2,79,757	2,75,636	2,33,772	2,38,652	2,34,213	2,44,000	2,42,000
Hijili Tidal canal	90,946	92,210	75,286	53,234	47,349	52,000	50,000
Sone canals	10,04,693	12,66,974	10,75,265	10,95,351	11,15,881	10,80,000	10,90,000
Ganges canal	39,36,136	43,51,132	39,22,591	44,37,543	46,63,569	35,76,000	40,65,000
Lower Ganges canal	25,43,732	31,18,612	24,89,176	24,39,135	23,96,259	20,34,000	22,50,000
Ditto Fatehpur Branch . . . . .	...	...	...	76,330	84,969	80,000	1,27,000
Agra canal	8,10,172	9,74,061	6,81,498	8,28,626	9,27,398	5,74,000	7,26,000
Eastern Jumna canal	13,63,575	16,65,275	14,98,634	14,92,735	14,85,484	14,23,000	15,12,000
Betwa canal	83,699	1,37,700	1,10,665	94,267	56,896	74,000	76,000
Western Jumna canal (including Sirsa Branch)	26,31,948	25,48,661	28,00,084	29,79,562	25,33,190	14,85,000	15,20,000
Chenab canal	19,10,136	23,28,093	27,38,488	34,60,242	49,10,189	65,51,000	68,50,000
Bari Doab canal	28,61,511	31,43,693	32,27,624	31,96,847	32,49,403	31,98,000	31,30,000
Sirhind canal	27,94,950	32,96,639	27,53,361	30,90,800	30,53,344	24,61,000	27,50,000
Jhelum canal . . . . .	...	...	...	...	...	...	50,000
Swat River canal	3,24,667	4,07,918	4,54,783	4,59,295	5,27,052	5,18,000	5,00,000
Godavari Delta System	26,69,307	30,07,303	30,25,332	26,79,405	30,41,096	31,58,000	31,47,000
Kistna " "	20,78,294	23,53,495	25,70,184	26,02,419	27,21,618	27,04,000	26,98,000
Pennér River canals " "	3,34,093	3,34,363	3,53,495	2,62,941	3,59,928	3,60,000	3,60,000
Periyar Project	33,774	1,07,266	2,63,448	3,25,937	3,89,605	4,06,000	4,38,000
Rushikulya " "	60,625	58,928	83,503	92,848	89,158	92,000	1,02,000
Desert canal	1,01,683	1,52,183	1,54,840	1,74,469	2,00,392	2,21,000	2,39,000
Begari " "	3,16,860	4,00,449	4,04,132	4,45,731	4,76,261	5,15,000	4,93,000
Eastern Nara Works	4,67,966	5,60,869	5,33,401	6,78,339	5,39,227	8,43,000	7,19,000
Mutha canals	2,29,885	2,28,565	2,50,672	3,11,525	2,09,014	2,25,000	2,62,000
Nira canal	75,152	1,29,010	1,35,424	1,40,870	1,27,282	1,74,000	2,02,000
Jamrao canal . . . . .	...	...	...	...	3,32,702	2,92,000	4,76,000
Other projects	18,59,916	19,31,029	19,11,675	16,30,944	18,26,950	33,84,000	37,91,000
TOTAL	2,93,97,694	3,34,24,821	3,22,16,887	3,37,30,544	3,60,07,397	3,61,31,000	3,83,08,000
WORKING EXPENSES—							
Mandalay canal . . . . .	...	...	...	...	...	...	35,000
Orissa canals	4,65,745	5,07,948	4,65,598	4,45,106	4,18,409	4,13,000	4,15,000
Midnapur canal	2,23,927	2,30,683	2,69,703	2,71,378	1,63,234	1,82,000	1,75,000
Hijili Tidal canal	38,490	38,448	48,535	43,304	30,632	39,000	40,000
Sone canals	5,53,719	5,74,779	5,59,480	5,47,919	5,76,302	5,89,000	5,95,000
Ganges canal	10,13,681	10,80,004	10,62,597	10,74,296	11,19,864	10,92,000	10,58,000
Lower Ganges canal	8,31,690	8,70,983	9,96,696	8,90,350	10,61,960	10,47,000	10,89,000
Ditto Fatehpur Branch . . . . .	...	...	1,935	49,750	1,03,476	98,000	1,05,000
Agra canal	2,20,401	2,25,801	2,34,351	2,83,363	2,33,043	2,31,000	2,52,000
Eastern Jumna canal	3,19,412	3,29,875	3,84,099	4,09,040	4,27,362	4,70,000	4,20,000
Betwa canal	90,286	1,07,431	1,01,686	95,360	86,537	98,000	80,000
Western Jumna canal (including Sirsa Branch)	7,97,475	8,18,818	8,63,021	9,07,513	9,14,677	8,44,000	8,26,000
Chenab canal	4,99,177	6,21,106	7,08,766	10,53,385	12,00,241	12,98,000	12,30,000
Bari Doab canal	6,80,398	6,26,969	7,86,572	7,97,190	8,26,926	8,23,000	7,60,000
Sirhind canal	6,73,589	6,30,761	6,73,078	8,56,298	7,70,709	8,18,000	7,90,000
Jhelum canal . . . . .	...	...	...	...	...	20,000	1,50,000
Swat River canal	60,409	1,02,990	99,596	58,345	89,312	89,000	80,000
Godavari Delta System	5,20,955	4,89,878	5,80,559	5,89,209	6,70,826	5,88,000	5,97,000
Kistna " "	7,05,100	5,85,491	5,25,151	5,23,143	5,04,823	4,88,000	5,08,000
Pennér River canals " "	56,269	41,471	36,139	36,687	32,120	38,000	60,000
Periyar Project	42,108	82,262	1,16,138	1,05,351	83,831	96,000	1,24,000
Rushikulya " "	39,751	32,859	38,734	49,459	76,220	61,000	63,000
Desert canal	64,095	70,023	59,152	49,102	57,976	57,000	87,000
Begari " "	57,561	96,400	72,152	96,043	69,133	85,000	83,000
Eastern Nara Works	79,077	1,05,929	1,11,007	1,15,630	97,734	87,000	84,000
Mutha canals	84,433	69,662	74,377	73,609	66,768	79,000	74,000
Nira canal	54,890	51,201	52,785	52,281	42,401	52,000	47,000
Jamrao canal . . . . .	...	...	...	...	64,710	1,52,000	2,19,000
Other projects	5,39,161	5,29,418	4,82,021	4,98,172	5,47,118	6,53,000	10,23,000
TOTAL	87,11,799	89,21,190	94,03,928	99,71,283	1,03,36,344	1,05,87,000	1,10,69,000

FINANCIAL STATEMENT OF THE

APPENDIX IV—continued.

COMMERCIAL AND FINANCIAL STATISTICS—concluded.

Table VI.—Gross receipts, working expenses, and net earnings of Irrigation—Major Works, for five years ending 1900-01, with Revised Estimates for 1901-02, and Budget Estimates for 1902-03—concluded.

	ACTUALS.					Revised Estimate, 1901-02.	Budget Estimate, 1902-03.
	1896-97.	1897-98.	1898-99.	1899-1900.	1900-01.		
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
NET REVENUE—							
Mandalay canal . . . . .	...	...	...	...	...	...	10,000
Orissa canals	8,472	46,809	3,956	-2,609	-9,521	-15,000	-17,000
Midnapur canal	55,830	44,953	-35,931	-32,726	70,979	62,000	67,000
Hijili Tidal canal	52,456	53,762	26,751	9,930	16,717	13,000	10,000
Sone canals	5,10,974	6,92,195	5,15,785	5,47,432	5,39,579	4,97,000	4,95,000
Ganges canal	29,22,455	32,71,128	28,59,994	33,63,247	35,43,705	24,87,000	30,07,000
Lower Ganges canal	17,12,042	22,47,629	14,92,480	15,48,785	13,34,299	9,87,000	11,61,000
Ditto Fatehpur Branch . . . . .	...	...	-1,935	26,580	-18,507	-18,000	22,000
Agra canal	5,89,771	7,48,260	4,47,147	5,45,263	6,94,355	3,43,000	4,74,000
Eastern Jumna canal	10,44,163	13,35,400	11,14,535	10,83,695	10,58,122	9,53,000	10,92,000
Betwa canal	-6,587	30,269	8,979	-1,093	-29,641	-24,000	-4,000
Western Jumna canal (including Sirsa Branch)	18,34,473	17,29,843	19,37,063	20,72,049	16,18,513	6,41,000	6,94,000
Chenab canal	14,10,959	17,06,987	20,29,722	24,06,857	37,09,948	52,53,000	56,20,000
Bari Doab canal	21,81,113	25,16,724	24,41,052	23,99,657	24,22,477	23,75,000	23,70,000
Sirhind canal	21,21,361	26,65,878	20,80,283	22,34,502	22,82,635	16,43,000	19,60,000
Jhelum canal . . . . .	...	...	...	...	...	-20,000	-1,00,000
Swat River canal	2,64,258	3,04,928	3,55,187	4,00,950	4,37,740	4,29,000	4,20,000
Godavari Delta System	21,48,352	25,17,425	24,44,773	20,90,196	23,70,270	25,70,000	25,50,000
Kistna " "	13,73,194	17,68,004	20,45,033	20,79,276	22,16,795	22,16,000	21,90,000
Pennér River canals "	2,77,824	2,92,892	3,17,356	2,26,254	3,27,808	3,22,000	3,00,000
Periyar Project	-8,334	25,004	1,47,310	2,20,586	3,05,854	3,10,000	3,14,000
Rushikulya "	20,874	26,069	44,769	43,389	12,938	31,000	39,000
Desert canal	37,588	82,160	95,688	1,25,367	1,42,416	1,64,000	1,52,000
Begari "	2,59,299	3,04,049	3,31,980	3,49,688	4,07,128	4,30,000	4,10,000
Eastern Nara Works	3,88,889	4,54,940	4,22,394	5,62,709	4,41,493	7,56,000	6,35,000
Mutha canals	1,45,452	1,58,903	1,76,295	2,37,916	1,42,246	1,46,000	1,88,000
Nira canal	20,262	77,809	82,639	88,589	84,881	1,22,000	1,55,000
Jamrao canal . . . . .	...	...	...	...	2,67,992	1,40,000	2,57,000
Other projects	13,20,755	14,01,611	14,29,654	11,32,771	12,79,832	27,31,000	27,68,000
TOTAL	2,06,85,895	2,45,03,631	2,28,12,959	2,37,59,260	2,56,71,053	2,55,44,000	2,72,39,000

APPENDIX IV—continued.

TABLE VII.—CAPITAL ACCOUNT OF GUARANTEED AND SUBSIDIZED RAILWAYS.

Actuals, 1900-1901.

RAILWAYS.		Amount in Rupees.	Amount in sterling at contract rates.	Equivalent at Rs. 15=£1.	Exchange.	
GUARANTEED RAILWAYS.		R	£	R	R	
RECEIPTS.						
Madras		31,47,170	288,490	43,27,359	-11,80,189	
Bombay, Baroda and Central India		61,39,642	409,879	61,48,192	-8,550	
Great Indian Peninsula		19,20,443	176,040	26,40,610	-7,20,167	
Ditto	Extensions.	21,49,296	143,627	21,54,387	-5,091	
TOTAL		1,33,56,551	1,018,036	1,52,70,548	-19,13,997	
ADVANCES.						
Madras		29,62,866	271,596	40,73,941	-11,11,075	
Madras Extensions		10,68,134	71,195	10,67,930	204	
Bombay, Baroda and Central India		54,46,268	363,480	54,52,190	-5,922	
Great Indian Peninsula		18,71,491	171,553	25,73,300	-7,01,809	
Ditto	Extensions	4,59,506	39,707	4,60,595	-1,080	
TOTAL		1,18,08,265	908,531	1,36,27,956	-18,19,691	
NET RECEIPTS.						
Madras		1,84,304	16,894	2,53,418	-69,114	
Madras Extensions		-10,68,134	-71,195	-10,67,930	204	
Bombay, Baroda and Central India		6,93,374	46,399	6,96,002	-2,628	
Great Indian Peninsula		48,952	4,487	67,310	-18,358	
Ditto	Extensions	16,89,790	112,920	16,93,792	-4,002	
TOTAL		15,48,286	109,505	16,42,592	-94,306	
SUBSIDIZED RAILWAYS.						
RECEIPTS.						
Gain on remittances to India.	Assam Bengal	...	-250	-3,758	3,758	
	Burma	...	11,747	1,76,207	-1,76,207	
	Bengal-Nagpur	...	4,296	64,444	-64,444	
	Ditto	Extensions	...	1,279	19,191	-19,191
	Bengal Central	...	-362	-5,425	5,425	
	Indian Midland	...	-20,204	-3,03,065	3,03,065	
	Ditto	Saugor-Katni	...	38	573	-573
	Lucknow-Bareilly	55	825	-825
	Southern Mahratta	-14,015	-2,10,227	2,10,227
	-17,416	-2,61,235	2,61,235
Capital received in India.	South Behar	52,296	3,486	52,296	...	
	Mymensingh-Jamalpur-Jagannathganj	76,000	5,067	76,000	...	
	Brahmaputra-Sultanpur	2,70,000	18,000	2,70,000	...	
	Hardwar-Dehra	-15,000	-1,000	-15,000	...	
	Tapti Valley	1,10,000	7,333	1,10,000	...	
TOTAL RECEIPTS		4,93,296	32,886	4,93,296	...	
TOTAL RECEIPTS		4,93,295	15,470	2,32,061	2,61,235	
WITHDRAWALS IN INDIA.						
Assam-Bengal		71,78,310	479,822	71,97,319	-19,009	
Burma		50,63,556	315,043	47,25,636	3,37,920	
Bengal-Nagpur		1,87,703	11,055	1,65,836	21,867	
Ditto	Extensions	5,07,558	33,837	5,07,558	...	
Bengal Central		1,19,214	-16,827	-2,52,402	3,71,646	
Indian Midland		-3,42,761	-27,421	-4,11,313	68,552	
Ditto	Saugor-Katni	78,443	5,230	78,443	...	
Lucknow-Bareilly		4,463	297	4,463	...	
Mysore		2,13,399	15,943	2,39,154	-25,755	
Southern Mahratta		-3,27,476	-27,289	-4,09,345	81,869	
TOTAL WITHDRAWALS		1,26,82,439	789,690	1,18,45,349	8,37,090	
South Behar		12,004	800	12,004	...	
Mymensingh-Jamalpur-Jagannathganj		2,49,609	16,640	2,49,609	...	
Brahmaputra-Sultanpur		3,45,577	23,105	3,46,577	...	
Hardwar-Dehra		68,817	4,588	68,817	...	
Ahmedabad-Parantij		-1,276	-85	-1,276	...	
Tapti Valley		1,81,576	12,105	1,81,576	...	
TOTAL WITHDRAWALS		8,57,307	57,153	8,57,307	...	
TOTAL WITHDRAWALS		1,35,39,746	846,843	1,27,02,656	8,37,090	
Net Withdrawals		1,30,46,450	831,373	1,24,70,595	5,75,855	
GUARANTEED AND SUBSIDIZED RAILWAYS.						
Net Withdrawals		1,14,98,164	721,868	1,08,28,003	6,70,161	

APPENDIX IV—continued.

TABLE VII.—CAPITAL ACCOUNT OF GUARANTEED AND SUBSIDIZED RAILWAYS—continued.

Revised Estimate, 1901-1902.

RAILWAYS.		Amount in Rupees (Omitting 000.)	Amount in sterling at contract rates, (Omitting 00.)	Equivalent at Rs. 15=£ 1. (Omitting 000.)	Exchange. (Omitting 000.)
GUARANTEED RAILWAYS.		R	£	R	R
RECEIPTS.					
Madras		47,00	430,8	64,62	—17,62
Bombay, Baroda and Central India		60,00	398,8	59,82	18
	TOTAL	1,07,00	829,6	1,24,44	—17,44
ADVANCES.					
Madras		53,00	485,8	72,87	—19,87
Madras Extensions		20,00	132,9	19,93	7
Bombay, Baroda and Central India		51,00	339,0	50,85	15
	TOTAL	1,24,00	957,7	1,43,65	—19,65
NET RECEIPTS.					
Madras		—6,00	—55,0	—8,25	2,25
Madras Extensions		—20,00	—132,9	—19,93	7
Bombay, Baroda and Central India		9,00	59,8	8,97	3
	TOTAL	—17,00	—128,1	—19,21	2,21
SUBSIDIZED RAILWAYS.					
RECEIPTS.					
Gain on remittances to India.	Bengal Central	—	—5	—7	7
	Bengal-Nagpur	—	4	6	—6
	Ditto Extensions	—	2	3	—3
	Indian Midland	—	—7	—11	11
	Lucknow-Bareilly	—	—1	—2	2
	Southern Mahratta	—	—14,0	—2,10	2,10
			—14,7	—2,21	2,21
Capital received in India.	Mymensingh-Jamalpur-Jagannathganj	2,00	13,3	2,00	—
	Brahmaputra-Sultanpur	2,71	18,1	2,71	—
	Hardwar-Dehra	58	3,9	58	—
	Tapti Valley	—81	—5,4	—81	—
	Sabarmati-Dholka	38	2,5	38	—
			4,86	32,4	4,86
	TOTAL RECEIPTS	4,86	17,7	2,65	2,21
WITHDRAWALS IN INDIA.					
Assam-Bengal		—4,57	—30,4	—4,57	—1
Barma		56,89	378,2	56,73	16
Bengal-Nagpur		—2,85	—19,0	—2,84	—1
Ditto Extensions		76,18	507,9	76,18	—
Bengal Central		29	2,1	32	—3
Indian Midland		—10,02	—68,8	—10,02	—
Ditto Saagor-Katni		43	2,8	43	—
Lucknow-Bareilly		—32	—2,1	—32	—
Mysore		1,70	12,7	1,90	—20
Southern Mahratta		—5,75	—47,9	—7,19	1,44
		1,11,98	737,5	1,10,63	1,35
South Behar		37	2,5	37	—
Mymensingh-Jamalpur-Jagannathganj		2,00	13,3	2,00	—
Brahmaputra-Sultanpur		3,08	20,5	3,08	—
Hardwar-Dehra		42	2,8	42	—
Ahmedabad Parantij		13	9	13	—
Tapti Valley		23	1,5	23	—
Sabarmati-Dholka		38	2,5	38	—
		6,61	44,0	6,61	—
	TOTAL WITHDRAWALS	1,18,59	781,5	1,17,24	1,35
	Net Withdrawals	1,13,73	763,8	1,14,59	—66
GUARANTEED AND SUBSIDIZED RAILWAYS.					
	Net Withdrawals	1,30,73	891,9	1,33,80	—3,07

APPENDIX IV—concluded.

TABLE VII.—CAPITAL ACCOUNT OF GUARANTEED AND SUBSIDIZED RAILWAYS—concluded.
Budget Estimate, 1902-1903.

RAILWAYS.	Amount in Rupees (Omitting 000.)	Amount in sterling at contract rates, (Omitting 00.)	Equivalent at Rs. 15=£1. (Omitting 000.)	* Exchange. (Omitting 000.)
GUARANTEED RAILWAYS.				
RECEIPTS.				
Madras	62,00	568,3	85,24	-23,24
Bombay, Baroda and Central India	66,00	440,0	66,00	...
TOTAL	1,28,00	1,008,3	1,51,24	-23,24
ADVANCES.				
Madras	36,42	333,8	60,07	-13,65
Madras Extensions	3,92	26,1	3,92	...
Bombay, Baroda and Central India	67,36	449,1	67,36	...
TOTAL	1,07,70	809,0	1,21,35	-13,65
NET RECEIPTS.				
Madras	25,58	234,5	35,17	-9,59
Madras Extensions	-3,92	-26,1	-3,92	...
Bombay, Baroda and Central India	-1,36	-9,1	-1,36	...
TOTAL	20,30	199,3	29,89	-9,59
SUBSIDIZED RAILWAYS.				
RECEIPTS.				
Gain on remittances to India.	Burma	...	-1	2
	Southern Mahratta	...	-20,8	3,12
	TOTAL	...	-20,9	3,14
Capital received in India.	South Behar	11,02	73,5	11,02
	Mymensingh-Jamalpur-Jagannathganj	46	3,1	46
	Brahmaputra-Sultanpur	13	9	13
	Hardwar-Dehra	78	5,2	78
	Ahmedabad-Parantij	23	1,5	23
	Tapti Valley	2,48	16,5	2,48
	Sabarmati-Dholka	9,39	62,6	9,39
TOTAL RECEIPTS	24,49	163,3	24,49	...
WITHDRAWALS IN INDIA.				
Assam-Bengal	-7,97	-53,1	-7,97	...
Burma	9,52	63,5	9,52	...
Bengal-Nagpur	11,20	74,7	11,20	...
Ditto Extensions	1,12,71	751,4	1,12,71	...
Bengal Central	1,26	8,4	1,26	...
Indian Midland	34,35	229,0	34,35	...
Ditto Saugor-Katni	3	2	3	...
Lucknow-Bareilly	3,14	20,9	3,14	...
Mysore	3,85	28,8	4,32	-47
Southern Mahratta	-5,71	-47,6	-7,13	1,42
TOTAL WITHDRAWALS	1,62,38	1,076,2	1,61,43	95
South Behar	-46	-3,1	-46	...
Mymensingh-Jamalpur-Jagannathganj	46	3,1	46	...
Brahmaputra-Sultanpur	13	9	13	...
Hardwar-Dehra	78	5,2	78	...
Ahmedabad-Parantij	23	1,8	23	...
Tapti Valley	2,48	16,5	2,48	...
Sabarmati-Dholka	9,39	62,6	9,39	...
TOTAL WITHDRAWALS	1,75,43	1,163,2	1,74,48	95
Net Withdrawals	1,50,94	1,020,8	1,53,13	-2,19
GUARANTEED AND SUBSIDIZED RAILWAYS.				
Net Withdrawals	1,30,64	821,5	1,23,24	7,40

PROCEEDINGS OF THE COUNCIL OF THE GOVERNOR GENERAL OF INDIA,
ASSEMBLED FOR THE PURPOSE OF MAKING LAWS AND REGULA-
TIONS UNDER THE PROVISIONS OF THE INDIAN COUN-
CILS ACTS, 1861 AND 1892 (24 & 25 VICT., CAP. 67,
AND 55 & 56 VICT., CAP. 14).

The Council met at Government House, Calcutta, on Wednesday, the 26th March,
1902.

PRESENT:

His Excellency Baron Curzon, P.C., G.M.S.I., G.M.I.E., Viceroy and Governor
General of India, *presiding*.

His Honour Sir John Woodburn, K.C.S.I., Lieutenant-Governor of Bengal.

His Excellency General Sir Arthur Power Palmer, G.C.I.E., K.C.B., Com-
mander-in-Chief in India.

The Hon'ble Mr. T. Raleigh.

The Hon'ble Sir E. F.G. Law, K.C.M.G.

The Hon'ble Major-General Sir E. R. Elles, K.C.B.

The Hon'ble Mr. A. T. Arundel, C.S.I.

The Hon'ble Mr. Denzil Ibbetson, C.S.I.

The Hon'ble Sir A. Wingate, K.C.I.E.

The Hon'ble Mr. F. A. Nicholson, C.I.E.

The Hon'ble Mr. D. M. Smeaton, C.S.I.

The Hon'ble Mr. C. W. Bolton, C.S.I.

The Hon'ble Rai Sri Rám Bahadur.

The Hon'ble Mr. Gopal Krishna Gokhale.

The Hon'ble M. R. Ry. Panappakkam Ananda Charlu, Vidia Vinodha
Avargal, Rai Bahadur, C.I.E.

The Hon'ble Mr. L. P. Pugh.

The Hon'ble Sayyid Husain Bilgrami.

The Hon'ble Mr. R. P. Ashton.

The Hon'ble Mr. R. G. Hardy, C.S.I.

The Hon'ble Rai Bahadur B. K. Bose, C.I.E.

The Hon'ble Maharaja Rameshwara Singh Bahadur, of Darbhanga.

The Hon'ble Mr. M. C. Turner.

DISCUSSION OF THE FINANCIAL STATEMENT FOR 1902-1903.

The Hon'ble SIR EDWARD LAW moved that the Financial Statement for 1902-1903 be taken into consideration.

His Excellency THE PRESIDENT said:—"Before the Hon'ble Mr. Turner commences his remarks, I should like to add a word of qualification and caution to something that I said with reference to this debate last week. When I invited Hon'ble Members to lay upon the Table such portions of their speeches as they did not propose to deliver, I clearly did not mean to extend to them a liberty greater than that which they enjoy under the existing rules of debate. It would never do for an Hon'ble Member to take advantage of this permission, which was given in the interests of economy of time, in order to lay upon the Table and to secure the privilege of print for a dissertation or essay upon some subject which would have been pronounced out of order had it been delivered in debate; otherwise it might be in the power of any Hon'ble Member to escape the ruling of the Chair by presenting his speech instead of delivering it. It seems desirable, therefore, that in future, Hon'ble Members should forward to the Secretary of the Council in advance any such portion of their speeches as they may desire to bring under this permission, in order that he may place the speech, or the extract, before the President, and secure his ruling as to whether it is in order. On the present occasion, as Hon'ble Members have not had notice of this intention, I trust that in laying upon the Table any portion of their speeches they will not present anything that would be likely to have been disallowed from the Chair. In this annual debate on the Budget, it is true that a very wide latitude is commonly allowed, but even this latitude has its limits, and, unless checked in the manner I have described, it might easily be open to abuse."

The Hon'ble MR. TURNER said:—"The Financial Statement so ably and lucidly expounded at our last meeting by the Hon'ble Member at the head of the Finance Department is, I venture to think, one of the most remarkable, if not the most remarkable, Budgets ever presented to Members of this Hon'ble Council—remarkable in that revised figures for the year 1901-1902 show the surprisingly large surplus of nearly £4,000,000 sterling of revenue over expenditure, a result which has probably exceeded the most sanguine expectations of Your Excellency's Government; remarkable also in that the result has enabled Your Excellency by a stroke of the pen to write off in the Budget for 1902-1903 such a large sum as 2 crores of rupees of uncollected land-revenue in the provinces which have, so to speak, been desolated by famine in the past few years. As to the wisdom of this there can be, my Lord, but one opinion—a unanimous chorus of approval. The collection of arrears would have necessarily been extended over a considerable period; it would have entailed much hardship and suffering and have caused much distress amongst those poor uneducated tillers of the soil who are now accustomed to look up to the British Raj as the Power who succours them in time of trouble and who is to their limited imagination a 'little father of the poor'."

"There is, however, a very deserving class for whom I regret there has been no relief allowed, having regard to the prosperous condition of the finances of India. I allude to the poorly paid educated class who have to earn their livelihood as writers in various Government and mercantile offices throughout India and whose incomes vary between Rs. 50 and Rs. 100 per mensem."

"The income-tax, when re-introduced into India in 1886, was imposed to meet a deficit of over £2,000,000 (two millions) sterling, and it was then absolutely necessary that all classes should contribute towards what was practically a National Defence Fund; in other words, to pay for the Frontier defences. But, my Lord, the time has arrived when it is unnecessary to tax what I might almost call the 'impoverished' class. There is no doubt that the cost of living, specially in towns, has very greatly increased since 1886, and the Native clerk who has to maintain himself and his family and to keep up a respectable appearance on a very limited income finds the income-tax press upon him in a manner that few of us can realise. Not only do these men suffer, but there are a number of pensioners and widows in receipt of pensions to whom even the small amount deducted on

account of income-tax tells most heavily. I would therefore earnestly beg that the Government of India take into consideration the question of raising the limit of the income-tax from the present figure of Rs. 41-10-8 per mensem or say Rs. 500 per annum to Rs. 100 per mensem or say Rs. 1,200 per annum. The loss to Government would be somewhere about 40 lakhs of rupees—an amount scarcely noticeable in the improving resources of the country.

“I believe it to be perfectly true that Native employés with limited incomes experience as much difficulty in making both ends meet as do the unfortunate people in England who also suffer from the same evil.

“In the course of the debate in 1886 a remark made by the late Mr. Gladstone was quoted and which I now repeat. Mr. Gladstone said: ‘Whatever you do in regard to the income-tax, you must be bold; you must be intelligible; you must be decisive; you must not palter with it’; and this advice I would respectfully tender to Your Excellency’s Government in regard to a substantial increase of the limit of taxable incomes.

“I am also somewhat disappointed at seeing no provision made in the Budget Estimate for 1902-03 for what I may call a grant-in-aid to the City of Calcutta to assist the Local Government in carrying out the very necessary improvements in this the capital of India. The improvements are a necessity to enable us to cope with that great question of providing decent house-accommodation for the masses, also to successfully fight disease such as plague which can apparently only be kept in hand by a liberal allowance of fresh air, sunlight and sanitation.

“The cost is beyond anything that the ordinary resources of the Municipality can provide. I am one of those, my Lord, who think that the great cities of India, Bombay and Calcutta especially, should be helped by Imperial grants to fight the great and terrible infliction of plague. Bombay and Calcutta are the two principal gates of the Indian Empire, and it is as much to the interest of the whole of India as it is to the ports named that the towns should be kept in a healthy condition.

“The Hon’ble Member has stated in regard to exchange that there is no occasion to specially dwell on this question, and I would only do so with the object of making a suggestion which may be worth considering.

“Government have practically attained their object during the past twelve months by obtaining an average rate of 1s. 4d. per rupee for Council drafts, and, with the Gold Reserve fund now amounting to some 3½ millions sterling, they are in a particularly strong position to meet any unfortunate or unforeseen possibilities. I am of opinion that Government should now put on a bold front and declare their determination to have a minimum rate for the sale of Council Bills. The lowest rate obtained for bills in the past year was, I think, 1s. 3½d., and, although it was necessary to make a shipment of gold to the extent of half a million to obviate a further possible fall, it has been proved that, by manipulating a comparatively small amount of the Gold Reserve fund, exchange can be steadied and a further downfall beyond a certain point can be arrested. That point is ‘gold point,’ or, in other words, the rate at which it pays Banks to import gold into India when the Secretary of State refuses to sell Council Bills under a certain rate. The minimum rate might be fixed at 1s. 3½d., care being taken to sell either Council transfers or transfers under the Gold Note Act at about $\frac{1}{16}$ th per rupee over the gold import rate ruling at the time, and this would help to ease the market, at times of pressure and prevent the Bank rate rising over 8 per cent. The benefit of fixing a minimum rate would be to inspire confidence and thus give a greater firmness to the market by showing that Government are determined to prevent a serious fall in exchange while prepared to meet the market in a reasonable way and that they are also prepared to face fluctuations in the value of the rupee between 1-3½d. and say 1-4½d. In this connection, I would refer to the matter of the establishment of a Central Bank, as to which Government have wisely decided that for the present it is not desirable or suitable to establish. I think myself that the present Banking institutions in India, so far at any rate as affects foreign trade, are quite sufficient and that the way to prevent a serious rise in the Bank rate is to meet the demand for Council Bills or transfers as has been done in the past year. The rate of 8 per cent. would now seem to be the maximum

Bank rate, and there is no doubt that in ordinary times any undue stringency can be averted by the Secretary of State selling up to the market demand. Government balances in the Presidency Banks are also an important factor in this matter of stringency of money, and I am glad to note from the latest return made by the Hon'ble Member, that Government would seem to be increasing their balances during the busy months.

"I listened with considerable interest to the remarks of the Hon'ble Financial Member on the subject of countervailing duties on bounty-fed sugar, and the statement made that it might be necessary for Government in view of the proceedings of the late International Conference at Brussels to review the present position in the matter of countervailing duties. From the remarks made and from the statement submitted it would seem that the duties imposed specially against bounties paid by foreign Governments have had little or no effect in restricting the excessive imports of this bounty-fed beet sugar into India. It is indeed a question which will require the very serious consideration of the Government, for, apart from the fact that countervailing duties were only imposed against the bounties paid by Governments and that logically these duties would cease with the abolition of Government bounties, there is the fact that foreign-made sugar is undoubtedly fostered by what is called the 'cartel' system and by the extraordinary concessions made in regard to carriage by rail and steamer. It is a matter which vitally affects one of the great industries of India and therefore demands the very earnest attention of this Government.

"With Your Excellency's permission I will read extracts from letters just received from Mauritius as showing the effect of the cartel bounties on the sugar-trade between Mauritius and India, which trade is almost entirely in the hands of Indian merchants:—

Extract of Mauritius Agent's letter No. 484 of 8th March, 1902.

The *Warora* leaves practically in ballast, not a bag of sugar beyond the 1,195 bags booked for Bombay, transhipment at Colombo, being obtainable. We write you separately on the position of our sugar market and would here venture to draw attention to the serious prospect which threatens the freight market between this Island and Bombay, should the operations of the Continental cartels be allowed free scope to flood the Indian markets with cheap beet to the detriment of Mauritius sugars.

Extract of Mauritius Agent's letter No. 148 of 8th March, 1902.

We shall be interested to hear what effect the result of the Brussels Conference is expected to have on the Indian markets, and whether the Indian Government is likely to apply additional countervailing duties to neutralize the indirect support received by German and Austrian beet sugars through the operations of the cartels.

"As regards the Budget Estimate for the coming year, it cannot be denied that the estimates have been framed with extreme caution. I would specially refer to the matter of countervailing duties on imported sugar, which have been taken at what I consider a low figure, namely, 24 lakhs as against the revised estimate under that heading of 37½ lakhs for 1900-02.

"There is every reason to believe that with the threatened abolition of Government bounties the imports of sugar both from Germany and Austria will considerably increase in the coming months. For the same reason ordinary duties on sugar should increase rather than diminish.

"I also notice that no estimate for increased earnings has been given under the head of 'Telegraphs.' I note the reason for this in the Budget Statement, but to my mind, seeing that the use of the telegraph is daily on the increase among all classes in India, we should reasonably look for a satisfactory increase in profits. I trust, my Lord, that the time is not far off when there will be only two classes of message, 'urgent' for which the public are quite prepared to pay a special rate as now charged, and the 'ordinary' which latter might be based on the present charge of deferred telegrams. I am aware that it will naturally lead to a great increase of traffic which will throw a great strain upon the Telegraph Department and will require new lines and an increased staff. But with a well organised system and with a well paid and satisfied staff there should be no difficulty in meeting all the requirements made upon this great service.

"The estimated net Railway receipts are, I observe, placed at £294,000 as against £817,000, the net result in the revised estimates for 1901-02. This I consider unduly low. I trust, my Lord, the Government of India will not look upon railways in India as forming a too important part in the revenues of the country. Railways are a means to an end, and that end is the development of the country at large and the progress of civilisation by means of easy and cheap locomotion for the masses. We must not, therefore, attempt to unduly inflate the earnings of railways by maintaining a high level of rates. For instance, if the rate on coal from the collieries to Calcutta be found too high in view of the present existing competition with Cardiff coal at the great consuming ports such as Bombay and Colombo, the rate should be reduced just as steamer freights have been reduced to meet the position. Here then is a case where an officer specially appointed to watch and assist trade interests, such as a Director of Commerce and Customs, would be able to do good service to the State and to the trade of the country by carefully looking into and examining points raised by the trade affected. My Lord, it is time indeed that Government should do their utmost to assist commerce, not only by investigating such questions as I have raised but by doing what is possible to assist in the promotion of schemes for the development of industries in India—schemes which are well thought, well considered and well supported financially.

"In conclusion, I would congratulate Your Excellency and your Government on the very hopeful prospects for the coming year. If we are spared the infliction of famine, if we have only to deal with the ordinary course of events, there is seemingly no reason why the coming financial year should not show a splendid surplus far in excess of that estimated by the Hon'ble but cautious Member."

The Hon'ble MAHARAJA OF DARBHANGA said:—"My Lord, it is hardly necessary for me to assure Your Excellency that there is universal and genuine satisfaction throughout the country at the prosperous financial circumstance revealed by the Budget Statement which was presented to this Council last week.

"Fortune," says the Hon'ble Member in charge of the Finances, 'has given us an unique opportunity, and we have spared no pains to make the best of it.' I gratefully acknowledge that this is indeed the case. The remission of nearly two crores of rupees of arrears of land-assessment in distressed districts will be widely appreciated; and the motive and the value of the boon which is conferred is in no way lessened by the circumstance that in all probability a portion of these arrears would ultimately have proved irrecoverable. Then, again, the proposed grants-in-aid of irrigation works, education and sanitation are one and all unexceptionable. They will be heartily approved and afford a striking indication, if indeed any indication be required, of Your Excellency's unceasing efforts to better the condition of the people of the country.

"But, notwithstanding these substantial concessions and allotments, and notwithstanding the conclusions which may reasonably be drawn from the figures placed before us, the Hon'ble Member in charge of the Finances appears to entertain anything but a cheerful opinion regarding the future. As I read the Budget Statement, I find myself bidden more than once to be cautious in my anticipations on the subject of future surpluses and to refrain from counting with too much certainty on the continuance of the financial prosperity which forms so prominent and so pleasing a feature of the situation today. The Hon'ble Member is, no doubt, right in thus warning us against over-confidence; and I hardly like, in face of these gloomy prognostications, to plead for a remission of taxation, should our good fortune attend us for yet another year. But it was certainly hoped by many that with the handsome surplus which it was expected would be declared, a revision of the system on which the income-tax is collected, might have been attempted. This has apparently not been found possible; yet I trust the proposal will not be altogether lost sight of. May we not look on a future occasion, when the conditions are as favourable as they are today, for an exemption from the tax of all incomes below Rs. 1,500 a year? The present limit of Rs. 1,500 a year is far too low, and on people of the class who earn sums from Rs. 50 to Rs. 200 a month the tax presses very hardly. There is surely some ground for extending consideration to them in the fact that in England

not only is the taxable limit fixed at £160, that is to say, Rs. 2,400, a year, but there is a perfectly well-graduated system of income-tax in the case of small incomes above that amount. And if we turn to other countries, we shall find that graduated systems of income-tax have been successfully established in Prussia and many other States of the German Empire, in Austria, Sweden, Denmark and Switzerland, in the towns of Holland and Belgium, and in English colonies, such as Victoria, South Australia and New Zealand. Cannot a similar principle be introduced in India, which is admittedly a far poorer country than England? I would respectfully beg Your Excellency to direct your attention to this matter. The judicious treatment of it will ease the burden of many a poor clerk and many a struggling head of a family who can ill-afford the heavy contribution levied upon him in the shape of income-tax. To ask for the total abolition of the tax I recognize to be useless; but I would submit that it may well be made less hard and unyielding in its incidence.

"I now turn, my Lord, to the discussion of a question which, to my mind, calls loudly for consideration on an occasion such as this: and, while, as I have already said, I sincerely join in most respectfully congratulating Your Lordship's Government on the prosperous condition of the finances of the country, I feel I cannot keep it in the background. How comes it that, in spite of a surplus, and in spite of the fairest anticipations for the future, Indian industries continue so much depressed? It is well known that, as a rule, the produce and the manufactures of India find a sale in European markets and elsewhere on account of their relative cheapness rather than on account of any special merit they may possess. But, as matters now stand, other countries, by cheapening the cost of internal carriage, by the adoption of a more scientific treatment of crops, and by taking advantage of what I may call the march of civilization, have put themselves in the position of being able to compete with Indian produce and manufactures in the matter of price, altogether irrespective of quality. This is, no doubt, a serious factor in the situation, and makes it perfectly clear that to hold our own the cost of Indian articles must be reduced to a still lower figure. But in the present depressed condition of trade this is hardly possible, unless some reduction can be made in the cost of internal transport. I am not blind to the encouraging indication afforded by the increase in the customs-revenue of a marked development in the purchasing and consuming capacity of the country. I rejoice at it and I freely admit that it is the requirements of the indigenous population which are responsible for this satisfactory result. But the growth will never be steady and substantial, unless a healthy flow of exports is stimulated by the cheapening of the rates of carriage. The more the exports that go out, the more the imports that will come in and help to swell the volume of the customs-revenue. The Hon'ble Member in charge of the Finances, I observe, acknowledges with regret that, while money in London seeking investment is sufficiently plentiful, the number of investors to whom Indian stocks are familiar is, unfortunately, extremely limited. Now, why should this be so? There are many industries in India to which it might have been expected that, under normal circumstances, English capital would be attracted. But what English capitalist will put his money today in tea or indigo, or such manufactures as cotton-goods and paper, or in flour and oil mills? Jute manufactures and coal are the only two industries of which it may be said with any degree of truth that they are fairly prosperous; yet in the very nature of things they cannot absorb much English capital, for it would need only the investment of a comparatively small amount in the raising of new jute-mills or in the increase of the output of coal to swamp these two industries. The other industries are, it is true, some of them, in their infancy, but they are not prospering as well as might be expected. I should not like to say that any of them are permanently overdone—overproduction is a phrase which is nothing more than a relative term, meaning, generally speaking, that at the price required to meet the cost of production, including a living wage to the worker, consumption must be limited. But they require encouragement, and encouragement in a particular direction. Anything that operates to reduce the cost of production must advance the position of a country in respect of the articles with which it can deal. It is for this reason that manufacturers in Lancashire, Sheffield, Bradford and Leeds, and manufacturere and producers of agricultural products in

India, are so very largely interested in the promotion of cheap internal communications in India. The Hon'ble Member speaks of the competition of coal shipped from Europe, and recognizes, that when freights are low, this competition makes itself severely felt. He invites us to hope that improvements in arrangements connected with the land transport and handling of coal will leave a larger margin for profits on shipments. But upon what does he base this hope? What improved arrangements have been made which are connected with land transport. Is it proposed to lower the rates so as to enable the collieries to bring down their coal to Calcutta at a freight of one rupee a ton, so that it may compete with foreign imports? How is a great mineral traffic to be developed unless the railways will work at a rate which will make the mineral marketable throughout India? In England robust competition has played a most beneficial part in reducing the cost of internal transport; and the same factor has been at work in lowering the cost of carriage over seas. Ship-owners cannot be accused of hampering trade with India; nor can India complain of her geographical position. India's incubus is to be looked for, as I venture to think, in the heavy railway rates, in the absence of all competition among the various railways which enables them to keep up those rates, and in the want of adequate means of internal communication by means of feeder lines. The need for feeder-lines to carry traffic to the big systems and of small-gauge lines to open tracts which even the metre gauge will never serve is admitted on every side. These are undertakings with which Government cannot reasonably be expected to burden itself; but unhappily the would-be promoters, without whose aid they cannot be constructed, hang back except in isolated instances. In spite of the frequent publication by the Railway Department of notes on the construction and financing of branch lines by private enterprise, the results do not indicate that the proposals and terms offered commend themselves to merchants, investors and financiers. If I am rightly informed, the Hon'ble Member in charge of the Public Works Department has under his consideration the question of revising the existing rules in regard to the construction of feeder lines by the agency of private companies, and it is not perhaps therefore necessary for me to say very much on this head. But, if Your Excellency should think fit to favour the Council with a public exposition of policy, I need hardly say that it will be received with the utmost interest. For this is a matter in which not only certain syndicates are concerned, but the whole country. If progress is desirable in the construction of lines of railway by private enterprise, the Railway Department must (if I may be allowed to say so) strive to accommodate itself more to the views of its constituents. Liberal inducements must be offered to private promoters, and business men met in a business-like fashion. Capital is impatient of delay, and the delay which is incurred in negotiating concessions with the Supreme and the Local Governments is one of the most potent factors in deterring financiers at home from under-writing a proposal for the construction of an Indian railway. I would submit that, in instances where Government neither guarantees interest nor provides capital, it need not concern itself with regard to the capital cost or the flotation expenses. The public, as original subscribers and afterwards as purchasers of the stock, are quite competent to take care of themselves. Then, again, there are many instances where a Government guarantee is necessary to attract capital, although a project may be financially sound. And, inasmuch as trust-money cannot be invested without a Government guarantee, I would submit that a more generous policy might be adopted, and Government guarantees more freely and liberally given, in order to attract capital. The fact that the State is the owner of many of the main lines is perhaps sometimes an unfortunate one. I do not say that the main line should not be consulted in regard to any branch-line schemes, but I would urge that it should not have the power to block such proposals on the mere selfish ground that they intrude on its monopoly of traffic. For it is active competition in trade and traffic that India is so urgently requiring; and it is, therefore, if I may respectfully say so, much to be regretted that in his address to the Indian Railway Traffic Association the other day, the President should have set his face against competition and said that 'Government desired to see compromise made without resort to active competition.' It is just this want of active competition which is at the bottom of the deplorable treatment served out to coaching and goods traffic by the

railways serving Bengal. They have no need to seek out trade and traffic in order to ensure their existence, as English railways have to do, and there is consequently an utter failure to meet the requirements of trade in the carriage of goods. It may be urged that a policy of push is impossible; yet what has been the result of that policy elsewhere? Is it not recognized to-day by the commercial world, if not by the whole civilized world, that but for the energetic extension and development of railroads in America, the vast mineral resources of that country could never have been utilized as they have been, or the finances of the country placed in so prosperous a condition? It has never been the practice in the United States to regard promoters of railway schemes with suspicion. Cannot similar principles be adopted in India? Whatever may be the reason, the fact remains that Rothschilds and Barings and Morgans and other great London financial houses will not turn their attention to Indian railway schemes and that they have not brought to India that wealth which they have expended so freely upon railway schemes in other and competing countries. It is a pity to allow all this available capital to flow into Argentine and Chile, and elsewhere, when there is so large and important a portion of the British Empire where it might be so usefully and profitably employed. What if a few railway lines do not pay, and even if some have to be wound up? Commercial enterprise does not consist of a long unbroken record of successes. In my humble opinion, if Government could see its way to withdrawing gradually from active interference both in the promotion of railways and in the traffic of the railways in India, it would be conferring a substantial benefit upon the commerce of the country. The duty of Government, as it appears to me, lies rather in the direction of inducing, by every means in its power, capitalists to construct railway lines without coming under a guarantee of interest, or if that is impossible, for the reasons I have stated, then to encourage them by guaranteeing a small rate of interest or a rate of interest for a given term of years and permitting the shareholders in the line to have the whole of the profits. And, in order to safeguard the public from the imposition of excessive rates which would produce too high a range of profits, Government should, I submit, abandon the average minimum mileage rate and concern itself in protecting the public by enacting a maximum mileage rate, as the Home Government does.

"I have so far proceeded on general principles, and should now like, with Your Excellency's permission, to take a concrete instance, with which I am personally acquainted. The Sakri-Jainagar Railway is an important feeder-line which it has long been proposed to construct. Its length is some 30½ miles, and already some twenty-eight million feet of earthwork have been undertaken and completed as a famine work. Four years have elapsed since then, and nothing done in the interval; and the question now is—Who is to finish the railway? One proposal is to induce the Bengal and North-Western Railway to undertake the work; the other and the better alternative takes the form of an offer from Messrs. Martin and Company, who are willing to submit an estimate for laying a light railway or steam-tramway. Now there can be no doubt that, if the District Board could raise a loan for initial outlay on account of laying the lines and rolling stock, the venture could be worked at a satisfactory profit; for the line divides the country between the Bairagnia line, which connects Sitamarhee and Darbhanga, and the west line from Sakri, which runs into the Bhagalpore District at Nirmali, and it passes through the thanas of Madhubani and Khajauli to the borders of Nepal. It is purely, therefore, a district feeder, and I submit that the time has clearly come for Government to hand over the project to the District Board of Darbhanga, leaving them to make their own arrangements with Messrs. Martin and Company or any other Calcutta firm for the construction and working of this light feeder railway. In any case, a definite answer should be at once demanded from the Bengal and North-Western Railway as to their willingness, or otherwise, to complete the work. As I have said, four years have gone by without anything being done, and I venture to think the instance is a good one of the discouraging delays which seem to beset the initiation in India of works of public utility such as these. Everyone in the district will be benefited by the line;

nearly the whole of the earthwork has been completed; and yet the Department cannot be induced to move.

"I hope Your Excellency will not think that I have been acting an ungracious part because, in the observations I have been venturing to make, I have been dwelling upon shortcomings instead of indulging in well-deserved congratulations. Nothing has been further from my mind, but it is an undoubted, if regrettable, fact that in the Lower Provinces, for which I am privileged to speak, there exists grave dissatisfaction concerning the matters I have laid before you. And I am encouraged to speak freely because we have not only found out that Your Excellency does not discourage criticism, but we have reason to believe that Your Excellency is not averse to efforts to direct your attention to matters of public grievance and complaint. We have had a conspicuous example of this in the députation of Mr. Robertson to inspect the various Indian railway systems and in the recent Resolution of the Government of India on the question of the introduction of third-class corridor carriages fitted with latrine accommodation. The last-named is a concession which the travelling public have been awaiting for years; and I am rejoiced to find that effect has been given to the representations made by my late brother when he occupied the place in Council which I have now the honour to hold. The boon will be greatly appreciated, and I can assure Your Excellency that you have thereby earned the thanks of thousands.

"There is another instance of Your Excellency's kindly interest in the welfare of the people which I beg to be permitted to gratefully acknowledge. During the debate on the Assam Emigration Bill last year, Your Excellency was pleased to suggest that the sale of tea might be profitably developed in India itself. That suggestion was readily taken up by the Chamber of Commerce; and what has been the result? There can be no doubt that the Tea Expansion Commission is making most satisfactory progress under the energetic direction of Messrs. Andrew Yule and Company, and the results must be most encouraging to Your Excellency to whom the idea is due. I see in a daily paper that from September to December the amount of tea sold in pice packets was valued at $2\frac{3}{4}$ lakhs of rupees, while for January and February the value of the pice packets sold amounts to nearly $2\frac{1}{2}$ lakhs—an increase of about 80 per cent. Similarly for the five months, August to December, 66,800 odd cups of tea were sold through the agency of the Expansion Commission; while in January and February the sales were close on 50,000 cups. Such a marked increase shows a large field capable of further development, and we may, I think, augur the happiest results in the future for the enterprise. One of the great points about the Commission undoubtedly is that it brings, within the means of the poorest, unadulterated pure tea at the very cheapest price, and the end has by no means yet been reached. Much remains to be done in the Bengal districts and in Northern India, where the field is practically unlimited, and there should be no difficulty in securing the custom of the 170 millions of railway travellers who must thirst for the comforts for a cup of tea when on their journey. If the Commission meets with the support it deserves, I venture to think that we shall hear no more in a few years of the overproduction of tea, for India with its three hundred millions of inhabitants should easily consume 20 million pounds of tea annually.

"There is another subject of importance to which I desire, with Your Excellency's permission, to very briefly refer. I allude to the possibility of the removal of the countervailing duties on sugar in India, in consequence of the findings of the recent Brussels Conference. As one who has all along been an advocate of countervailing duties, I trust that no such idea will commend itself to Your Excellency's Government. Authorities at home, who have approved of countervailing duties for India, are emphatic in their warning that the Government of India should not entirely remove those duties, unless the cartel system in Germany and Austria is given up. In other words, India must countervail cartels. For the benefit of those of my Hon'ble colleagues who may not have had the opportunity of minutely studying this interesting question, I may point out that this cartel system is a combination between the growers and the manufacturers of sugar. The former agree to sell the whole of their produce to the latter at a certain price. The latter agree, in return, to demand a certain price

on all manufactured sugar sold for home consumption. Now it might be supposed that the importation of foreign sugar would interfere with this arbitrary price fixed by the cartel system, but it so happens that this has been prevented by the high customs tariff in force, as the following illustration will show. Germany produces about 1,250,000 tons of sugar at a cost of something like £9 a ton; while the consumption of sugar in Germany amounts to about 750,000 tons per annum, which is sold at the rate of £12 a ton. The balance of the crop, which is 500,000 tons, is exported at a price of £8-10-0 per ton, which represents a loss of 10s. a ton. It will be observed that the loss on the quantity exported is more than made up by the profit on the sugar sold for home consumption, exclusive of other hidden trade-profits; and it is clear, therefore, that this cartel system can only be maintained in a country if the customs tariff is so high as to shut the importation of sugar from abroad. I understand from Reuter's telegrams that one of the recommendations of the Brussels Conference is to reduce to a uniform rate of 6 francs the customs tariff, which now ranges from 25 francs per hundred kilos in some countries to a still higher tariff in others. We have yet to see if this uniform rate of 6 francs will be sufficient to support the cartel system by preventing the importation of foreign sugar into the cartel countries; but in any case I would submit to Your Excellency's Government that no step should be taken in the direction of removing the countervailing duties until the position is thoroughly and fully understood. The cartel system is, of course, a trades combination pure and simple, and as such, must be distinguished from the old bounty system, which was a direct invitation by Government to sugar exporters to enlarge their business on favourable terms. Now, it may be asked, why Continental Governments are so much interested in the cultivation of beet sugar. In the first place, it brings in a land-rent or cess; in the second place, it provides employment for a numerous class; and in the third place, it has given birth to a number of important industries, which have been of the greatest benefit to a nation. These industries are by no means confined to the actual product, for the refuse from the beet provides excellent fodder, and as cattle are largely used for agricultural and draft purposes on the continent, such pursuits as dairy-farming and cattle-rearing are indirectly very substantially benefited. Such being the case, I submit the Government cannot be too careful in watching the attitude of Germany and Austria; and I would venture respectfully to submit that the utmost caution should be exercised in a matter such as this. The Countervailing Duties Act is slowly but surely doing its beneficial work, and I hope it will be long before it disappears from the Statute-book.

"I have very little more to add, but I venture to say a few words in connection with what has fallen from my Hon'ble friend who represents the Bengal Chamber of Commerce on the subject of the improvement scheme for Calcutta. There are no two opinions regarding the necessity and the desirability of such a scheme: but the matter which is troubling the minds of the inhabitants of Calcutta is its financing. It is understood that no increase in the municipal rates is contemplated; and the question is on every one's lips, How, then, will the enormous sum be obtained which will be required to carry it out? If a Government loan is floated, as the public generally hope will be the case, from what sources will the interest be met? The municipal revenues are incapable of meeting the charge, for the Corporation have already more than enough to do with the funds at their disposal; and it is not easy to point to any particular branch of imperial revenue which can be conveniently set aside for the purpose. Your Excellency may have observed that the question is exciting considerable interest in Calcutta; and, while as a ratepayer of the City and a representative of the ratepayers in my capacity of elected Member for Bengal, I am confident that Your Excellency will attach due weight to any expression of our views which we may at any later stage submit, I would venture to add that public anxiety would be sensibly allayed, and much misunderstanding averted, if any indication could be afforded of the intentions and proposals of Government.

"With these observations, my Lord, I beg to be permitted to bring my remarks on the Budget Statement to a close. I fear I may be held to have

trespassed unduly upon the time of Your Excellency and of the Council ; but the importance of the occasion must be my excuse. I shall be more than rewarded if even the smallest of my suggestions is deemed worthy of Your Excellency's attention."

The Hon'ble RAI BAHADUR B. K. BOSE said :—" My Lord, taking advantage of the permission kindly given by Your Excellency, I beg to lay on the table a note* on the recent resolution of Government on Land Revenue policy and administration.

" Regarding matters dealt with in the Financial Statement, I have only two remarks to make. The decision to utilize a portion of the money which favourable financial circumstances have placed at the disposal of Government in giving remissions of land revenue, which has fallen into arrears under the stress of agricultural misfortunes, will, I make no doubt, give general satisfaction. It will not only give a much-needed pecuniary relief, but will remove a great cause of anxiety and embarrassment to the landholding classes, and thereby materially help in the process of recovering the ground lost during the past six or seven years. The generous manner in which the Central Provinces have been treated in this matter will evoke feelings of deep gratitude among the people there. I have to say the same of the decision to abolish the pándharí-tax. This tax was introduced in the early days of the Central Provinces Administration, as it was found to be in force under the Bhosla Rulers of Nagpur. But the Central Provinces, as constituted in 1862, included territories which had never formed part of the kingdom of the Nagpur Rajas and where the people had never paid any pándharí. Nevertheless, for the sake of uniformity, I presume, the tax was ultimately brought into operation throughout the Province. Its objectionable features have often been the subject of comment, and its disappearance will be hailed with delight and thankfulness."

The Hon'ble MR. HARDY said :—" My Lord, before I refer to one or two points arising in connection with the Budget that has been so lucidly presented to the Council, I desire to join Hon'ble Members who have already spoken in congratulating the Government of India on the financial results of the year. In spite of lingering famine and persistent plague, the revenues of the country have exhibited not only stability, but a remarkable elasticity and power of expansion.

" It is natural, in view of the large surplus of the year now closing and with the prospect of a substantial surplus in the coming year, that pleas for the lightening of taxation should make themselves heard. The question of the remission of the income-tax has already been raised in more than one quarter. If the demand is for the abolition of the tax, I think it only needs to be formulated to be rejected. The classes who pay income-tax derive, from the security British rule gives them, greater benefits than any other part of the community ; and to allow them practically to escape taxation would be a grave injustice to all other taxpayers. But the proposals of the Hon'ble Mr. Turner and of the Hon'ble the Maharaja stand on a different footing : and although the minimum of assessable income they respectively propose appears higher than is necessary, there is much to be said in favour of raising the present minimum. I cannot, indeed, agree with the Hon'ble Mr. Turner that natives of this country in possession of incomes of from 500 to 1,000 rupees a year are in any sense of the word poor men : and the case of the clerks employed in Calcutta and other large cities is exceptional. But the difficulties in correctly ascertaining the incomes of the smaller taxpayers are, as assessing officers know, very great, and the belief is general that the tax presses too heavily on the poorer classes of assesseees, while their richer brethren escape too lightly. The duty of assessment, hearing appeals, and collecting the tax, adds a very heavy burden to the labours of our over-worked establishments. From statistics which Mr. O'Connor has kindly prepared for me, it appears (I am taking the figures for 1899-1900) that while the total number of assesseees is 501,000 who pay Rs. 1,93,00,000 income-tax, classes I and II, *i. e.*, the assesseees whose incomes are below Rs. 1,000,

* Vide Appendix I.

number 303,880 and pay only Rs. 35,13,500. In other words, more than three-fifths of the assesseees are persons with an income below Rs. 1,000, and they pay less than one-fifth of the tax. The relief to both the assesseees and to the assessing staff would be great if incomes below Rs. 1,000 were exempted; and a more careful enquiry into incomes over that sum would be possible and would, I believe, result in an appreciable increase in the tax paid by the wealthier classes.

"Turning now to matters which more directly concern the Provinces I have the honour to represent, I desire to recognise the great liberality which has been shewn by the Government of India in framing the Budget for the coming year. With the aid of the special grants amounting to 13 lakhs and by indenting on their existing balances, the United Provinces hope to be able to meet the administrative requirements of the year, though difficulty may arise, if, as is likely, large remissions of takavi have to be made. To this point I shall refer later. The Local Government is particularly grateful for the liberal remissions of land-revenue, and especially for the Government of India's having taken the entire burden on their own shoulders. These remissions give the Provinces a clean revenue slate, the arrears, which were virtually the result of famine or of the exhaustion of agricultural resources consequent on famine, being wiped out. But I cannot help expressing a regret that it has not been found possible to extend similar help in the case of the takavi arrears for the same period. These arrears amount with interest to over 9 lakhs of rupees, and represent advances made by Government for seed, cattle, wells to enable the poorer agriculturists, tenants as well as landlords, to weather the strain and stress of bad years. If it be the desire of Government—as I doubt not it is—to help those agriculturists who most need help, none can have greater claims to consideration than those tenants who in the time of their extremity invoked the aid of Government, and who are now unable, without extreme hardship, to repay the debts then incurred. It is not the intention of the Local Government to deal hardly with these men. On the contrary, it feels the necessity and justice of remitting arrears which cannot be collected without undue pressure. But if the Local Government adopts this attitude, unassisted by the Government of India, it will be a heavy loser. For it is responsible to the Government of India for the repayment of these loans, and any remissions which may be granted become a debit against Provincial Funds. It follows that, if the Local Government deals liberally with its debtors and receives no assistance from the Government of India, it will be compelled to lose a sum nearly equivalent to the 8 lakhs special grant which it has received. I may be allowed here to point out that while the United Provinces are grateful for the liberality shewn them in the matter of land-revenue, they receive only $6\frac{1}{3}$ lakhs out of Rs. 1,98,00,000 remitted throughout India: the remission being only one-sixth of the amount allotted to the neighbouring Province of the Punjab, which pays a much smaller total revenue.

"There is only one more point with which I have to trouble the Council, and it relates to the Provincial Settlement which is now expiring. It will not be denied that the United Provinces cannot carry on the administration on the present contractual terms. The Local Government began the year 1899-1900 with a balance swollen with heavy recoveries of famine-arrears, and has been living on these and on occasional grants from the Government of India ever since. For the coming year the prospect of falling below the minimum balance has compelled economies leaving the lowest sum with which it is possible to carry on the administration. That sum, omitting all special grants from the Government of India, and an abnormal item of railway expenditure, is 385 lakhs.

"Starting from 385 lakhs as a minimum, an assured increase of 10 lakhs a year under Education will have to be added: a lakh is needed for improved supervision of the Police: 4 or 5 lakhs are required if the district boards are to be placed on a proper financial footing. The necessity for aiding the large municipalities in completing drainage-schemes and in carrying out other sanitary reforms is especially urgent in view of the inroads of plague. Many of the municipalities of the United Provinces have large populations, but they are not wealthy as a rule, and the expense of introducing waterworks has hampered their

finances. I say nothing of the normal growth of the needs of the administration : the normal growth of the revenue may be trusted to provide for these. But whenever the terms of the settlement are revised, I would urge that a sum of 4 crores is needed for the efficient administration of the United Provinces. They contribute largely to the Imperial coffers ; and within the last ten years they have increased their land-revenue income alone by 42 lakhs, three-fourths of this sum being a credit to the Government of India. A careful calculation shews that the United Provinces contribute a larger proportion of the income raised within their borders than does any other Provincial Government, Madras not excepted. I do not endeavour to elaborate this point and I do not urge that a rigid calculation should form the basis of the coming settlement. But I trust that the Financial Member will take the fact into consideration when dealing with the difficult and delicate questions which will come before him. The United Provinces can fairly claim to be carefully and economically administered, and I venture to put forward a request for their liberal treatment in this period of financial prosperity."

The Hon'ble SAYYID HUSAIN BILGRAMI said :—"I will avail myself of Your Lordship's, gracious permission on the present occasion to offer a few observations on topics affecting the prosperity of the country and the cause of good Government in which both the rulers and the ruled are equally interested.

"One of the questions that have of late been agitating men's minds is that of famines in India and the poverty of the people. It is alleged that the system on which revenue is raised from land under British rule is responsible for the want of staying power betrayed by the cultivating classes under pressure of scarcity, that in point of fact famines now are money famines, not grain famines, and that the sin of having brought about such an economic catastrophe lies at the door of Government. The ability and moderation with which these views have been advocated have elicited from Your Lordship one of the most remarkable State papers of our day, based upon information furnished by expert administrators in all parts of India, whose sympathy with the people is unimpeachable. It has been shown that the condition of the cultivating classes is not so bad as has been represented, that it has all along been receiving anxious attention from the Departments concerned, and that still closer attention will, in future, be paid to the problems raised in this controversy.

"If, however, one who does not pretend to expert knowledge and can only speak from casual observation may be permitted to speak on a matter that is engaging the attention of the ablest men in the country, I would crave Your Lordship's indulgence for making a few very brief observations.

"1. In the first place then I wish to state that I have not seen any sign of the grinding poverty that is said to exist. Agricultural labourers in many parts of India no doubt live on inferior varieties of grain such as madwa, ragi, jowari, etc., but this has been their staple food from time immemorial. The better classes of produce, such as rice, wheat, etc., they are accustomed to convert into cash. On the other hand, observation leads one to conclude that the level of domestic comfort has risen within the last fifty years among peasant-proprietors and cultivators. They are better clothed and live in better built cottages and are altogether in better plight than their fathers. It has been observed that they resort oftener to law-courts and spend more on their weddings and other ceremonies.

"2. But granting that poverty of the kind complained of does exist in some parts of India, the causes that have brought it about should, it seems to me, be sought elsewhere than in the weight of assessments. The increase of population in some provinces and the total absence of other industries has a constant tendency to increase the number of mouths to be fed on agricultural labour, and hence it comes to pass that wages do not keep pace with the rise in prices and the earning of the labourer tends to gravitate to a figure that will just keep body and soul together. If the natural resources of the country were better developed, if more capital were sunk in indigenous industries, an increasing proportion of the surplus population would be tempted off purely agricultural pursuits

and the pressure on land would thus be relieved. Such industries as are to be found in the country are mostly in the hands of foreigners, and, although they employ native labourers, their proportion is not a hundredth part of what it would be if native capitalists came forward to open new industries for their own benefit and the benefit of the country.

"3. There can be no doubt that there is more money in the country now than here was, say, in the year 1800. This is proved, first, by the enormous rise in the price of commodities, secondly, by the steady increase in imports, and, thirdly, by the net imports of the precious metals. I do not propose to have much to do with figures, but I cannot resist the temptation of quoting the value in rupees of the imports for three years each a quarter of a century apart. The imports in merchandise in 1850-51 amounted to Rs. 11,55,87,890; in the year 1875-76 they had risen to Rs. 38,89,16,552, and in 1900-1901 they had mounted up to Rs. 80,89,45,896. The gross import of precious metals in 1850-51 amounted to Rs. 1,15,53,100 in gold and Rs. 2,65,64,980 in silver. In 1875-76 the imports rose to Rs. 1,83,63,811 gold and Rs. 3,46,43,413 silver. In 1900-1901 the amounts imported rose to Rs. 11,89,80,197 gold and Rs. 12,67,87,421 silver. The net imports for both metals amounted to Rs. 3,27,05,190, Rs. 3,10,04,801 and Rs. 13,48,91,672 for the three years respectively. This seems to me to be an evidence not of increasing poverty but of increasing wealth.

"4. Famine in any locality in the old days meant a total disappearance of food, as shown by the extraordinary height to which prices rose. It affected, moreover, a population less dense among whom proprietary cultivators very considerably outnumbered those who were merely field labourers dependent on daily wages. Now in times of famine the rise in prices is nothing like so high, and it may therefore be concluded that the catastrophe is not so acute or so crushing. But this advantage is counterbalanced by the fact that land has now more mouths to feed of a class utterly unable to offer much resistance, day-labourers in fields and villages notoriously improvident by nature and by habit, and living from hand to mouth. Some idea may be formed of their numerical strength from the following figures. Out of a population (omitting thousands) of 212 million souls there are 131 million field and casual labourers and 53 million landowners and cultivators in the British Provinces?

"5. The experience of famine-relief officials points to the conclusion that since the early sixties peasant proprietors are seldom to be seen on relief-works in times of famine. With the one exception of the last great famine, which was preceded in most of the affected areas by a cycle of bad years, and which involved a wholesale destruction of cattle from want of fodder and drinking water and the complete loss of crops, by reason of which cultivators in large numbers were obliged to resort to these works, day-labourers and artisans alone avail themselves of such means of relief. May not one conclude that economic conditions have improved since 1860, and that if the great famine of 1899-1900 had not been so absolute and widespread, involving, as it did, an area equal to nearly one-half of the whole of India, and if both cattle and crops had not been so utterly destroyed, peasant-proprietors and cultivators would still have kept away as before from relief-works?

"6. There is no reason to believe that famines are more frequent now than in former days. Thirty or forty years ago every well-to-do native household harboured one or more so-called slaves, obtained sometimes in return for a small measure of corn from their parents in famine times. Parents still resort to this mode of saving their own lives and those of their offspring, but their number is nothing so large as it used to be. In pre-British times there was practically no India—there were a great many Subahs and Principalities, but no consolidated Empire; and, calamities that befel one Subah scarcely ever affected other Subahs and were seldom heard of, certainly never recorded in Blue Books or other annals. Now-a-days a famine in any part of India, however remote, is not only known and recorded at once, but is predicted with greater or less precision long before it has made itself actually felt. Season reports keep the public *au courant* with crop prospects indicating different degrees of shortness by means of a sliding scale of proportionate figures. There was no census in the

old days and no one knew, except by a round guess, if any one took the trouble to guess, how many were swept away by famine or other scourges. Now the number of deaths is estimated and recorded with as near an approach to accuracy as possible, and all the world is soon placed in possession of the figures.

"7. In well-watered regions famine is seldom heard of, as witness Lower Bengal. In the Rohilkhand Doab in the North-West there has been no famine to speak of since 1837-38. In the region irrigated by the Krishna and Godavery Canals in the Madras Presidency famines are rare and the people are prosperous. I think we are entitled to infer from this that the less a Province depends on the monsoons for its crops, the rarer are the visitations of famine in that Province.

"8. The increase of litigation in Behar, Oudh and other Provinces I take to be a sign of growing prosperity: The great increase of pleaders, mukhtars and the smaller fry who in one way or another live and thrive on work connected with litigation in district towns, in tahsils and in Munsif's Courts, affords indubitable proof of the growing prosperity of peasant-proprietors and cultivators.

"9. An impartial observer is bound to admit that if our peasantry were less reckless in borrowing money far beyond their means, to spend on ceremonies, if they were less prone to ease off labour when sufficient has been earned wherewith to pay rent and have in hand something over to live on during the year, we should hear very little of distress and poverty in ordinary times of scarcity. It is also to be remembered that famine in an isolated Province is now often a godsend to neighbouring Provinces where crop returns have been normal. This adds considerably to the recuperative power of our peasantry. Agriculturists have been known to recoup their previous losses three or four times over in a single prosperous season from a sudden rise in prices.

"10. Whether the State or the peasantry are entitled to the whole or part of the unearned increment is a question not to be determined by the theoretical economist but by the actual administrator according to the needs of the administration. Preparedness for the defence of the country from all possible external or internal foes, the development of its resources, the construction of roads, railways and canals, the diffusion of knowledge among the people, in fact all progressive advancement from good to better and from better to better still must depend, in an entirely agricultural country like India, on the continued and progressive enhancement of the surplus left over after allotting the cultivator his fair share of the net value of his outturn over and above the cost of cultivation and other such almost constant items of expenditure. If this surplus becomes stationary or grows less from year to year instead of increasing, then, we may take it, the state is in a decline, and that it is time for the statesman at the helm of affairs to look about him, for there are surely rocks ahead. If, on the other hand, the surplus increases from year to year, we are entitled to infer that the country is prosperous and that the State has the means at its disposal of continuing on a path of progress all along the line.

"11. This surplus from settlement to settlement amounts to as much as four or five times the original amount in some of the Indian Provinces where a thirty years' settlement is in vogue. This I take to be a sign of growing prosperity, not of impoverishment, and, if the cultivator was provident enough to save the progressive increment within the term of the settlement, he would for years to come be ensured against any famine short of such a famine as that of 1899-1900.

"12. The allegation that light assessments are preventive of famine is, I submit, fallacious. Take for instance the assigned districts of Berar. This is notoriously the most favoured province in all India. Nowhere else are assessments so light or the cultivators more prosperous. According to the Famine Report for 1899-1900, there had been no drought in the Province and no failure of crops until the partial failure of 1896-97 and the total failure of the monsoon in 1899. This reduced the outturn to 25 per cent. of the average of the previous ten years, with the result that nearly 20 per cent. of the population went on relief works, although the price of grain was never very high and there was plenty of it in the country. Yet the census of 1901 returned a decrease of 144,000 souls in the population! In the famine of 1869 in Ajmere, on the other hand, people were found dead of starvation who had money in their pockets.

" 13. It ought to be possible to make an organised effort in rural districts to persuade the cultivating classes to adopt more moderate expenditure of money at birth, marriage, affiance and other ceremonies. If such efforts have been successful among a proud people of immemorial traditions like the Rajputs of Central India, there is reason to hope that earnest efforts in this direction by some of our able and disinterested patriots, who wish to serve their country, would bear good fruit. A few men of light and leading working on this noble mission among the people would not only be able to help in arresting the advance of agrarian ruin, but would by personal observation throw invaluable light on the economic condition of the country and the truth or otherwise of the alleged growing poverty of the people.

" 14. It is sometimes urged that the action of Government has led to the gradual disappearance of village-communities, and that, when these institutions existed, the peasantry belonging to them were better able to withstand the pressure of famine than now. This, again, is a question which can only be solved by expert administrators on the evidence of Settlement-officers who have dealt directly with the cultivating classes and have had opportunities of studying phenomena with which outsiders can have but a superficial acquaintance. The common-sense view, however, of the matter seems to me to be that it is the general, moral and material progress of the country—the establishment of peace, the security of the highways and by-ways of trade and intercommunication, and the rise of individualism, that is really responsible for the disintegration of the old village-communities, the importance of which, I am not sure we are not apt to exaggerate. The growth of personal freedom and individualism is indeed answerable for much more than this if the truth must be told. It is slowly dissolving the time-honoured caste system of India and the system of rigid guilds among artisans and craftsmen which is so closely allied to it. Whether these changes make for progress or the reverse is a question which, in the phase of transition through which we are passing, needs a great amount of assurance to answer one way or the other. It seems to me, however, that the causes at work are beyond human control unless it is contended that a reactionary return to an already remote past could be achieved by a simple compact between the rulers and the ruled. It is sometimes suggested that village-*panchayats* should be revived along with village-communities. But intelligent country people whom I have had occasion to consult discourage the idea. They contend that the institution does not any more carry the sanction of village public opinion and has lost the saving quality of finality. A great native statesman, whose views did not favour the judicial system of British Provinces, once initiated an extensive and elaborate experiment in this direction, not in villages, but at the capital of the State. He tried to get petty litigation disposed of by simple *pinchayats* in each *mahalla* of the town. The experiment, however, proved a failure.

" 15. It must be borne in mind, after all is said and done, that until the civilised world is able to solve the economic problem of poverty, States kept free from conditions retarding the normal growth of population will always have on their hands a certain varying proportion of the poor and the indigent. In European countries, where the low temperature attained in winter is an added evil, distress is much severer than we have any conception of in our warmer and more generous climate. The fact of the existence of poverty then has to be accepted in all countries, and all that the Government or the people can do is to endeavour, year after year, to alleviate its intensity and narrow its limits.

" Indian administration, my Lord, has given birth to two distinct schools of thought widely divergent in their principles and methods which may be briefly described as the Personal and Impersonal Schools. The first was more in favour in the days of the East India Company, but the opposite method has been gaining ground in these latter days. The advocates of this method would eliminate the personal element altogether from the administration, turn it into an automatic machine and reduce everything to rule of thumb.

" But it seems to me, my Lord, that for the mild, simple, law-abiding and thoroughly loyal character of the masses in India, an impersonal, automatic Government, however well intentioned, would be the most crushing of tyrannies.

The personal equation can never be eliminated; it is, and it will continue to be, the most powerful factor in Indian administration. The people will take much and cheerfully at the hands of an official who enters into personal relations with them and is ready to take an active interest in their affairs, but the best intentioned acts of an unapproachable automaton are received with sullen acquiescence if not with positive distrust. The greatest danger of this Empire lies in too great centralization and too much red tape. At least in one great Province which is best known to me, the complaint is becoming more and more general, I do not know with what truth, that the new drafts in the services show less and less consideration for the feelings and susceptibilities of the people among whom they are placed. Now, I submit, my Lord, that if overwork has raised this barrier between District officials and the people, the sooner the barrier is broken down and demolished, the better it will be both for the happiness and contentment of the people and the stability of the Empire. If in some cases it is temperament, and not overwork, that stands in the way, then, my Lord, the sooner such officials are relegated to departments other than executive the better it will be for their own reputation and for the country. Indian administration is not their *metier*. The Indian Government cannot afford to lose touch with the people for the sake of men whose sympathies are not widely human and who only seek service here for a career.

"I believe, my Lord, that no sacrifice will be too great to bring the Government into touch with the people. In my humble opinion that is the one point towards which all effort both of the rulers and the ruled should be directed. If the fetish of centralization is an obstacle in the way, let the fetish be dethroned and let us revert to the days when there was less complication of procedure, less reporting but more direct government. The Viceroy represents the might and majesty of the Empire, but the Viceroy is not so potent as the District officer who has found his way to the hearts of the people by taking an interest in their affairs, listening to their little grievances, and treating their faults and shortcomings with that good-humoured tolerance which is one of the characteristics of the born ruler of men. I believe, my Lord, that the Indian people love an autocratic official provided he is sympathetic and just. They even prefer a high-handed man if he is accessible and kind. But a weak man with an irritable temper, a man without power of initiative, or a man overridden by precedents and red tape they secretly laugh at and despise. Above all, they love a gentleman and will do anything for him. Many an English administrator has left behind him a name which is a household word in our villages and towns, and is written indelibly on the hearts of the people. We want more such men if you can give them to us. It will be said perhaps that competition is not a respecter of persons and does not recognise caste. Be it so. We do not quarrel with competition, but at any rate let the choice of those who have to enter into direct relation with the people, fall on selected members of the service who have shown a capacity to rule.

"It is usual, my Lord, in European no less than in Asiatic countries to mark occasions of great national rejoicing, such as is about to be celebrated both in England and in India, with manifestations in some form or other of the Royal prerogative of kindness and mercy towards the people. May not then the people of this great dependency of the English Crown and its brightest jewel, look forward to some such mark of royal favour when our Gracious Sovereign is crowned Emperor of India? May we not hope that, as far as financial considerations will permit, a little of the burden of taxation that falls on the very poor will be lifted, and that perhaps my Hon'ble colleague, Sir Edward Law, will see his way to reduce to some small but appreciable extent the tax on salt which reaches down even to dumb animals? Perhaps also, if seasons are propitious and it is found that that Hon'ble gentleman's estimates of revenue receipts in some directions were too cautious, it may be possible to raise the minimum of taxable income from Rs. 500 to Rs. 1,000 or even Rs. 2,000.

"May we not also entertain the hope that in view of the help ungrudgingly rendered by us, in Africa and in China, the value of which has been freely acknowledged, part of the addition to our military burdens, amounting to nearly one-and-a-half millions pounds or over two crores in rupees, will be remitted. I refer mainly to the moiety of the increase due to bounties given to time-expired men in order

to fill the gaps in the garrison of this country caused by the African War. This item, which for the two years 1901-1902 and 1902-1903 amounts to over sixty-four lakhs of rupees, should, I submit, like the other moiety, be borne by the Home Government. The cost again of taking a contingent of volunteers and native troops to England for the Coronation, amounting to a little over five lakhs, should, I submit, be borne by the Imperial Treasury, seeing that we are going to expend a much larger amount on the same ceremony here. In fact, it is in the just, if not generous, adjustment of the accounts between the two countries that the greatest hope of the people of India must lie for a long time to come. Even if circumstances should favour us with better surpluses in the near future than are anticipated in 1902-1903, these surpluses should go towards the lightening of the burdens of the poor and in making provision against famines, rather than in contributing towards expenditure with which we cannot be held to be justly chargeable and which a rich country like England can well afford."

The Hon'ble MR. PUGH said:—"My Lord, notwithstanding that I am tempted to speak upon many questions that arise upon the Budget and with regard to the state of the country, I propose to confine the few observations that I wish to make to one subject, and that is the revenue and expenditure in connection with the administration of justice, notably in Bengal. It is a sound principle which undoubtedly has been observed in England, at any rate since the time of King John, that the administration of justice ought not to be looked upon as a source of revenue. I do not, however, think that any reproach on that ground can be justly made against Your Excellency's Government if the administration of justice as a whole is looked upon, because, looking at it as a whole, no one can say that the surplus which is shown is more than what is necessary and what is reasonable. But as regards Bengal, though I am unable to ascertain from the Budget the figures with regard to Bengal, there can be no doubt, and I think the Hon'ble Financial Member will agree with me, that there is a very large surplus of revenue over expenditure realized in the administration of justice in Bengal. Well, then, it may be said that equality is the principle to be applied and the backward Provinces that have got to share in that. I venture to think that it is a sound principle that each Province should as far as may be, and speaking roughly, provide for its own wants in connection with the administration of justice. In Bengal, notwithstanding that there is this large surplus revenue from the administration of justice, there are serious and constant complaints with reference to the administration of justice. I will only mention three points in connection with this subject. First of all we have the High Court here in Calcutta. It is so undermanned, particularly as regards its ministerial officers that the delay is a subject of very serious complaint. I am speaking in the first instance of the delay in bringing causes to a hearing. But there is what perhaps must be considered of more importance, and that is that a very great number of references have to be made either upon the subject of accounts or upon some other subject, and there owing to the want of ministerial officers it is found perfectly impossible—and I believe it is impossible—for the present staff to get through their work.

"The second point that I wish to draw attention to is with regard to the Mufassal Courts. The Mufassal Courts are undoubtedly most inadequately housed—inadequately housed for the performance of their work, inadequately housed also for the protection and safe custody of the valuable records which are under their charge.

"The third point that I would draw attention to is the inferior class of men that are employed in the Mufassal Courts in the execution of decrees, so that it is a common saying that when a man gets his decree then his troubles really begin. The staff there is undoubtedly, as far as I can discover, very inadequately paid. The result is that they have to look to other sources of income more or less, if not altogether, illegitimate and illicit. Now that is a complaint which one never hears with regard to the High Court, and it seems difficult to understand why these complaints should be constant as regards the Mufassal staff provided by the Government, and these complaints should be altogether wanting when the staff is provided, as it is in the High Court, by the Sheriff of Calcutta.

"The whole of this subject that I am putting before the Council now so briefly has been fully dealt with by Sir Richard Garth, formerly the Chief Justice of Bengal, and by the late Mr. Broughton, and, as regards the state of the Mufassal Courts, that has been reported upon by Sir Henry Prinsep and, I believe also, by other Judges who have gone round inspecting those Courts. It may be said that as regards those two heads, the inadequate housing of the Courts and the staff employed in the execution of decrees, that these matters concern the Local Government; but I apprehend that the answer of the Local Government would be clear and two-fold; first, that they do not get the surplus, and second that they have not the means of remedying these evils under the present circumstances of the Provincial Contract. I am not going to take up the time of the Council in enlarging on this subject, as my object in bringing it forward is that it should be taken into consideration by Your Excellency's Government, and that the Hon'ble Financial Member should turn a favourable ear to any reasonable request made to him, to induce him to furnish the necessary funds for the purpose."

The Hon'ble RAI BAHADUR P. ANANDA CHARLU said:—"My Lord. I cannot better employ the very limited time at my disposal than by inviting pointed attention to a very few out of the wide range of topics open to Members for discussion or suggestion to-day. First, I shall say a few words on a matter which has been, for years now, the subject of debate, but which, for special reasons, has come too much to the front to be passed over or lightly passed over. I refer to the bulk of our army, which has been growing apace in numerical strength and costliness in spite of ceaseless demur. For some years now, proposals for its reduction have been got rid of, invariably, or almost invariably, on the strength of expert opinion, which, in its turn, was based on *à priori* grounds of symmetry and fitness of things.

"Year before last, the merest suggestion in that direction evoked a decisive and emphatic pronouncement, without reasons gone into. Last year a similar proposition was met with a counter-proposition, in the shape of an expressive simile, *vis.*, that the fact of one's lending one's watch-dog for a while afforded no reason for dispensing with it altogether. The circumstances, under which *that* pronouncement was made, obviously precluded all opportunities for a rejoinder. Since then other things have come to pass and fresh light has come in, to justify a renewal of the proposal with as much good reason as strong desire. It has, for instance, come to pass that it is, not merely for a while, but for a considerably prolonged period, that we have been able to do without the watcher in question. During that prolonged period, methods were found, facilities were experienced and resources were tapped, which show that it is by no means an unsound argument to urge again, and urge with confidence, that, if for 365 days in the year a particular watch-dog could be spared to be lent out, sent off to far distant shores and kept fully engaged there, without any hitch, the least appreciable, here, *that* watch-dog, at any rate, was not kennelled and maintained for its keeper's own or immediate interests. It cannot but have too much the look and the character of something which is in evidence as a thing of pomp and pageantry or as a luxury or superfluity, which not even an over-flowing abundance would justify. In such a state of things, it will be hard lines on nine out of ten men—be they cultured or the men in the street—to expect them to be convinced to the contrary by the *ipsa dixit* and even an angry and spirited remonstrance of the highest constitutional authority. In venturing to hold this language I am not unalive to what are loosely called imperial considerations. No one—certainly no responsible officer who cared to have a reputation or had a reputation to lose—has yet maintained, that, for purely imperial purposes or for merely ready mobilisation, without the inconvenience of parliamentary control or sanction, to any part of the globe, where England might be embroiled in war on her own account, an efficient and solid contingent should be fed, clothed and comfortably lodged in India and at India's expense; for such a thesis is too transparently outrageous to be seriously put forward except perhaps on the dictum that blood is thicker than water. But what is next door to it or next door to the next door is often made to do duty, insidiously—be it said insensibly. It is, not infrequently,

the unexpressed postulate, that Indian interests, in some undefined and undefinable way or other, are mixed up in all wars anywhere in the East; and ingenuity is never at a loss to conjure up plausibilities to masquerade as cogent reasons. Without pretending to keep pace with such ingenuity or to follow up its subtle and sinuous course, the one safe and *primâ facie* ground one can take, in fairness to this country, is to hold that, except where our troops fight on our borders, the issues involved are issues as between England and her distinctive prestige on the one hand and other European or Asiatic Powers on the other, individually or collectively. The European is the absorbing or paramount interest while the Indian is either virtually *nil* or infinitesimally small, and, owing to her connection with England, so infinitesimally small as to count practically for little or nothing. Whether this opinion is or is not altogether right, it really ought to make no difference in the contention that a substantial reduction in the present strength and cost of the Indian army might safely be made, and ought justly to be made, without any peril or fear of peril. The ample experience gained and the marvellous success achieved in the war which is going on in South Africa—not to speak of the proceedings which went on quite recently in China—have rendered it abundantly clear that the fullest facilities exist for England to throw masses of her troops from her own shores or from her colonies into any remote part of her empire in defence of her imperial or world-wide interests, without laying this country under contribution, without crippling its straitened resources and without inflicting on it what looks too much like a gratuitous and grievous burden.

“ I do not, indeed, forget that capital is systematically made out of the fact that the so-called perfidious and madly-ambitious Russian Bear is all but pawing at our door, and that it requires to be vigilantly watched and constantly held in check to ward off direct mischief to this country. This cry of ‘ the wolf ’ has, by this time, become far too familiar and far too groundless to quicken any staid man’s pulse. With all deference, therefore, to dissentient experts and nervous alarmists and notwithstanding all that apologists for the *status quo* may darkly hold forth, I share the firm belief that the alleged Muscovite designs on this country are among the wildest chimeras, floating about like children’s toy-balloons along our river side or adjacent to the Eden Gardens. Even on the assumption that some room may exist for apprehensions from that quarter, I venture to hold that too much stress cannot be laid and too much reliance cannot be placed on the two impregnable bulwarks which I shall presently name, and which alone can be truly and confidently depended upon as safeguarding this country any day against Russia or any other intruding land-power—our peninsularity and our more than Alpine mountain barrier on the north doing the rest, even although some modern Hannibal or Bonaparte might turn up. One of these bulwarks is the continued existence of an intervening independent Afghanistan, with its amply-subsidised ruler, who may be always credited with the sanity, good sense, and selfishness even, of realising the supreme and exceptional value to him of British friendship above all else. The second bulwark is the loyalty of the people—not a blind child of a passing whim and therefore a volatile and variable loyalty—but a loyalty that is at once intuitive and discriminating—intuitive as it finds itself to be congenial to, and in full accord with, the teachings of their religion and their fathers and the unbroken tradition of even their chequered past, and discriminating because of its recognising the self-evident truth that it is not a whit less the Indian interest and the Indian gain than England’s that a harmoniously-adjusted British overlordship should last in this continental country. Despite their well-meant and legitimate complaints, in matters domestic, of unsatisfied aspirations and of promises yet to be realised in practice and despite the unmerited imputations of seditious ideas, reflected in the unwise and panic-inspired legislation of recent date—he that runs may see that England’s Indian subjects, beyond all comparison, are true to her—so true that their rulers cannot distrust them without distrusting themselves or without distrusting their own capacity and righteousness to rise to the level of the declared intentions and the sagacious principles embodied and enunciated by the kindest and safest of their sovereigns and accepted and partially-fulfilled by the more level-headed and the more fair-minded of the custodians of that sovereign’s credit and

power. Such being my view of the stern and stubborn realities of the exact situation, I make bold to say that my first point is that a considerable reduction in the Indian army and its cost is both safe and just. If the above plan were impracticable owing to any technical difficulty, which, by the way, could only be temporary, or owing to any other reasons which, for the present, lie hidden from me, then my alternative proposal is that no time should be lost in determining upon a substantial contribution, for the maintenance of a decent portion of the army here, out of the British purse which is so much richer, not altogether without India playing the part of an important factor, directly or indirectly, in the production of its richness, as one may well and pardonably boast.

"Expediency and urgency, justice and generosity, all alike demand this as an imperative duty. I shall not linger on this topic to define the extent of the reduction or to name the amount of the contribution I contend for. Schemes, more or less distinct, have already been propounded, carrying about them proofs of care and painstaking, as also the weight of well-instructed authority. They are good enough at least as working hypotheses. What is needed is to command the eye that will see and catch the ear which will listen. If that eye and that ear are secured, the rest is smooth sailing, because much may well be left to the innate dictates of fairness and to the play of the generous impulses which awaken with the awakening of a sense of duty and of justice. I only hope that among the causes which block the way is not to be included that habit of mind which, in this as in other matters, would cling with affection to what it has long been accustomed to and which would warp the judgment so far as to make it obstreperous, persistent and indifferent to the obviously diminished needs of the altered conditions, like the mental frame of the fond prodigal, who, being accustomed to have about him a number of servants and appliances for comfort, has no patience with or cannot reconcile himself to suggestions of reduction in his supernumerary establishment or lavish expenditure.

"My proposals may be viewed as absolutely inopportune and almost impossible, in the face of the many items of military expenditure, detailed in the Financial Statement, for which money has been partly allotted and partly held in reserve. I may be further reminded that some of these are part-performances of past obligations and others are in a manner forced upon us, as it were, by *vis major*. While I recognise the strength in this objection and deeply regret our liability to behests which we are helpless to resist or refute, I do not know whether any other time would be better suited; and I am afraid that, should one resolve to wait, one might do so eternally and not get a chance at all. I have long felt, and events year after year have but confirmed me in the feeling, that we in this country must, once for all, accept the situation as one involving a conflict of interests in many and varied forms, with the right of sanction and the power of veto lying in hands which seem ordained not to be stayed, forced or in any way influenced by this country. But all deadsets against claims to fairness and to generous treatment, like deadwinds, are bound to spend their force and give way, sooner or later—a consideration which makes it ever the duty of such as suffer from them to express their views frankly and unreservedly to the best of their lights. They, of all men, cannot afford to lie by in view to pick and choose. For them no circumstances are too unpropitious and no effort is too early or too late.

"But, after all, what is the real meaning of the changes which are on the tapis? They are, at best, like alterations and enlargements in a citadel such as exists, *should it continue to stand*, and they cannot surely make for grounds why such a citadel should remain or remain intact, if reasons are forthcoming for its partial demolition. To raise the pay or to give better weapons may, for instance, be a necessity if their recipient be indispensable. But the recipient is not a necessity in order that the privilege and the pleasure of bestowing higher emoluments and better equipment might be exercised. Reference has been made to the lesson taught by the wars in South Africa as warranting and even necessitating the proposed outlay and accession of strength. In my humble judgment, it is to mis-read that lesson to derive from it an argument *for* augmentation and *against* reduction. We have no Krugers, no disclosures of secret

armaments or of hidden accumulations of arms and ammunition and no plots to overthrow English ascendancy, such as are set down, according to the latest version, as the head and front of the offending on the part of the Transvaal and the late Orange Free State. Where then is the similarity of conditions to call for similarity of steps? There is, in this citation of a so-called analogous case, a vein of naive humour, if not also of an assumption of undue credulity in others, which is admirably charming.

“Now, turning to the surplus announced, I heartily join in the expression of satisfaction, which has been iterated and reiterated in the Financial Statement. It is, besides, pleasant so far, that it is unaccompanied with any schemes of fresh or additional taxation unless indeed some such thing remains hid in one or other of the loans proposed and may some day confront us as an old friend with a new face. It would be pleasanter still, if we were told of some substantial reduction of taxation, on the basis of the surplus, in addition to the abandonment of arrears, which are either irrecoverable or oppressively recoverable—handsome and generous as the abandonment is. Rightly or wrongly—and it does not matter which—the impression is wide-spread and the conviction is deep that, once a tax is laid on, no matter under what representations or circumstances, it comes to stay, with no hope of being taken off—especially when the contrary process—the process of reduction or abolition—has never been in evidence, so long as one can recollect. It is undesirable that such a feeling of dissatisfaction and despair should exist. If only to remove or to weaken that feeling, a reduction would be expedient. There are some taxes which have been introduced with admissions, more or less distinct, that they are onerous and that if they are not the fittest, they are dictated by special emergencies, on the disappearance or diminution of which it is left to hope and even promised that they would be done away with, either wholly or partially. The salt-tax is pre-eminently one of that sort, and in its incidence it is the reverse of what the income-tax is, in so far as the latter falls mostly on those whose means are, in comparison, ample and assured, and who of all classes in a body politic can therefore pay it with ease, if not without that reluctance which is experienced in paying any tax at all. Whereas the salt-tax bears hard on the poorer and proportionately enhances the price of what is a necessary part of a necessary of life—consumed no less by those whose yearly income is below R500, which is the taxable minimum for the income-tax, than by those above it, the latter impost lets alone all below that minimum and reaches almost all who may be truly described as comparatively well-to-do, though some few of them may not have risen to the category of the very well-to-do. If there is to be a choice between the reduction of the salt-tax and the augmentation of the income-tax, I, for one, would gladly acquiesce in the latter being chosen, though as one of the victims I should in common with others feel a sort of dainty grievance in the interests of number One. For, as it has been said, ‘it makes little to the life of a family whether its yearly income is £1,000 or £5,000. But it makes a very great difference whether the income is £30 or £150; for with £150 a family has, with £30 it has not, the material conditions of a complete life’—a passage which has already been quoted by me more than once and one which deserves to be writ large and pasted to the inner walls of assessors and assessees alike to obtrude continually upon the naked eye.

“The only two features of the income-tax, open to exception as now worked, are (1) the taxable minimum is far too low, and (2) that the method adopted by the assessing staff is not only faulty, but has the effect, in a vast number of cases, of making the already low limit go down to strata a good many grades lower still. The first hardship will only be remedied by raising the limit of taxation from R500 to R1,500. The second evil required more words. According to the practice in vogue, the assessing staff presume too much on the strength of garbled and fabricated materials secretly supplied by their paid informers—always a tricky and dirty lot—and specially under the temptation to seek praise and promotion by the unworthy conduct of prying into and betraying secrets or by inventing them, if none such exist. Evidence and accounts are rejected, which do not square with the inspirations of that delectable knot of busy-bodies—a necessary evil perhaps—inspirations which are too often the figments of fancy, safe

against exposure, because undisclosed. This system entails unmerited hardships, by the assessee not being given the chance to refute or explain. To those who keep books in accordance with the principles of book-keeping, as all Europeans are intelligent enough to do as a habit, as also many who imitate their good example, a change of method, in laying the burden of proof and in disclosures in view to explanation, will be no relief. They want none, as they pay or rather are made to pay their legitimate dues, and no more. But my remarks, adverse to the prevalent system, are nevertheless quite in place as an endeavour to obtain succour to persons who need protection and who are many times more in number. One very serious and undesirable result of the objectionable plan which obtains is that it introduces an element of grave doubt into our financial stability and makes us pause before we accept the situation as a healthy one. The drawback, or rather this source of disappointment, as to reduction of taxes is however compensated in a large measure by the promise made and hope held out that the surplus is reserved to work out three important schemes which are stated to be under consideration, *vis.*, (1) reform of the police, (2) improvement and extension of education in all its branches, including industrial and agricultural, and (3) sanitary measures. Each of them needs care and rigid limitations on the play of hobbies and the sweets of patronage. Intrinsic merit—consisting mainly of more grit, more trained intelligence, more devotion than is now availed of, and, above and beyond all, an intimate knowledge of the ways, habits and idiosyncrasies of the people—should be, as I am sure it would be, the true guiding principle; while even the wholesale importation of all the Scotland Yard detectives, all the Wranglers of English Universities, and all the Sanitary Engineers who might seek an Eastern career without these pre-requisites for success, would not better the situation, though they might cost a goodly pile.

“Returning to the surplus from this unavoidable digression, I must perform an agreeable duty on behalf of my Presidency; and it is to make the warmest acknowledgments for the 27 lakhs which has been voted for minor works of irrigation. That this class of works has long been either starved or shut out of the liberality of the Government of India has been the burden of my song, time after time; and I am glad that, after all, the subject has attained to the dignity of being prominently taken into account at the fountain-head, as matters now stand, of all financial bounty and beneficence. Grateful as the recipients are for this initial grant, which is a handsome and solid grant as well, a great deal in the shape of metallic recognition, eventuating into an equable flow, remains yet to be secured for some years before the true goal is reached, *i. e.*, before this subject takes its place in the working groove and receives attention automatically and as a matter of course, as one pinch after another becomes felt. Facts which have come to me by personal observation and from credible information make it abundantly clear that the present step is not only a beginning, but is no more than the beginning of a beginning, if I may say so. But now that we have a substantial contribution, it is needless now to go into any detail, seeing, firstly, that an undoubted earnestness has been brought to bear on the subject, and seeing, secondly, that in the Irrigation Commission, which is now going through its labours, there are three—Mr. Ibbetson, Mr. Nicholson and Mr. Rajarathna Mudaliar—who are fairly known to me, who, between them, possess the needful qualifications, and who, I feel sure, may be confidently looked up to, for doing whatever is necessary, by what they know and have seen, even though it should be far more, as I think it should be far more, than what is contained in the suggestions which they and their colleagues on the Commission have been eliciting.

“Having thus far rejoiced with our Finance Minister, I unhesitatingly re-echo also his pessimistic admonition put to us and the public as follows:—‘I would, however, strongly deprecate exaggerated optimism. The vicissitudes of fortune in a country mainly dependent on agriculture must be borne in mind and we must not count too certainly on the continuance of the prosperity now enjoyed by the great majority of the people of India. We must not allow our satisfaction over generally good results to deaden our sympathy for suffering groups and classes.’ There is certainly a deeper meaning than is found on the surface of

this cautiously-worded official declaration of faith. The words 'precarious', 'fortuitous', 'abnormal', 'uncertain', and so forth, are too often interspersed in the Financial Statement to fail in reminding us that what we are jubilant about is little more than a windfall, and is more like the delusive hectic flush than the bloom of sound health and sustained vigour. Here I would fain stop. But in the face of the numerous points for comment, with which almost each of the first 98 paragraphs which summarise the Financial Statement bristles up, it is impossible. But, by way of a truce between the sense of duty and the sense of proportion, I shall only touch on one or two of them.

"The first of these few points, which I feel called upon to notice at some length, is the conclusion drawn, in paragraph 15, in favour of economic progress having been made. It looks to me, on an examination, to be an induction, based on insufficient materials, if not also at variance with undisputed and indisputable facts. The chain of reasoning may be summed up thus:—'Cotton fabrics and silver have been largely imported as shown by Customs returns. They are meant for the indigenous population. They must, therefore, have purchased the same. So they give proof of consuming and purchasing power. The presence of that power means fulness of pockets.' Now, with all respect, I must say that there is more than one weak link in this chain of reasoning. The refutation to one of the propositions which form the successive steps comes from the Financial Statement itself, and that is enough to vitiate the whole. It is contained in paragraph 36 and in the words 'it must be remembered that we have no means of ascertaining with certainty whether the market is overstocked or otherwise.' Suppose the market is overstocked; then is there proof of the presence of consuming and purchasing power? Is there not, in such a fact, the contrary proof, *i.e.*, proof of the absence of such power, and the presence of the gambling folly of the speculator? Thus it follows irresistibly that the consuming and purchasing power, which is the pivot on which the whole question turns, is either proved not to exist or is (at best) not proved to exist, on the hypothesis of overstocked markets. A contrary hypothesis we have no right to entertain. That we are also precluded from entertaining any such other hypothesis is abundantly clear when we make a true estimate of what little remains in the pockets of the cultivating classes after payment of kist and what demands exist against that little. On the highest and the most recent authority, the average income of a raiyat is less than half a dozen crowns for a full twelvemonth, or less than the typical, contemptible *tuppence* a day. Assuming this standard of wealth to be correct,—I have reason to suspect that it is too high,—can one be passing rich on even *tuppence* a day? Again, be it noted that out of it must come the cost of restoring to the soil what it loses by every crop—a loss of which some conception may be formed by noting that, as a competent authority has laid down, 'for every fourteen tons of fodder carried off from the soil, there are carried away two casks of potash, one of soda, a carboy of vitriol, a large demi-john of phosphoric acid and other essential ingredients'—a loss which nature, by water and fresh air and her other agents, could only partially repair; a loss which the raiyat was able to minimise by procuring forest and brushwood produce and the like as a free gift in the not remote past, which, called good old days by some, are by others, who claim to be wiser, described as stupid old times. Besides this demand upon him for productive chemical essences, he has, in order to give the soil the necessary mechanical preparation, to replace the dilapidated plough-cattle or supply the place of such as have died out, so that, unaffected or only partially affected by the widespread and fast expanding deterioration of the livestock, he may exact what the impoverished soil can yield; this means money. Thirdly, he has to extract, if I may say so, the very life-blood of the soil year after year, for he cannot leave any field fallow in alternate years or periodically as he used to do without having to pay kist for it in the good old or in the stupid old days; fourthly, he has to satisfy the revenue hunger which has set down certain areas as two-crop lands and charged, on that basis, one lump kist to be recovered whether a second crop has been raised or no—implying thereby that the raiyat is no judge of his own interests, but is fond of malingering, as though he is a mere revenue-producing machine. These are some among the external auxiliary purposes each of which must run away with a good part of what modest or trivial residue may be left in his pocket. To these let us add the cost of his personal equipment—

the consumption capital as it is called, and consisting not merely in what is necessary for bare existence, but what is needed for efficiency and some degree of comfort for himself and his family—let alone the education of children. I am not at all sure that this cumulative load is not enough to drive one to the much-abused and yet most opportunely useful money-lender. To these let us again add what are called conventional necessities which are dependent on social and religious injunctions. The duty, for instance, of relieving the poor—*Deenas* as the text terms them—is co-ordinated with the duty to one's wife and children, while it is a spiritual impulse or the sentiment of hospitality rather than notions of display or propensities to waste, which come into play on marriage and other festive days or on funeral and other inauspicious occasions. There is another way in which the people are put down as wasting their money. It is in investing in jewels. To my mind, this is a positive injustice. All that glitters is not gold, and all the trinkets which even the humblest are seen to wear are not of any considerable value. In days when the modern banking system was unknown, and even in the present day when Banks are not so many and so re-assuring as to draw the mass of tiny savings, jewels, after land, were so many saving banks and the persons who wore them were so many strong rooms—their possessors acquiescing in the quantitative diminution by their wear in preference to losing them altogether.

“I may also point out in this connection that the emotion which plays a prominent part in investing in jewellery and in land is one's unselfish desire to live and even stint oneself to provide for the family in one's old age and more especially to leave a heritage to one's children—by no means a bad object, however much it will please the apostles of economic science of the present day that the savings should be put in business or invested productively—undoubtedly a highly desirable change, but a change which can only come slowly and gradually. When we know that, for the purpose of providing for certain conventional necessities, personal sacrifices are undergone even in such a place as Great Britain, where economic science is believed to be well understood, it is rather hard to expect such as have yet to learn the ABC of that science, to behave better at once and without the necessary preliminary favouring conditions, which I dare not dwell upon now. The Indian must cease to be an Indian before he can say 'after me the deluge' even to his children and then pray for his and their daily bread. If the Indian is anything, he is too thrifty, too cautious, too abstemious and too spiritual. Let him be blamed for these excesses by all means. But let not his virtues be denied or shown up as his vices.”

The Hon'ble Mr. GOKHALE said :—“Your Excellency, I fear I cannot conscientiously join in the congratulations which have been offered to the Hon'ble Finance Member on the huge surplus which the revised estimates show for last year. A surplus of seven crores of rupees is perfectly unprecedented in the history of Indian finance, and coming as it does on the top of a series of similar surpluses realized when the country has been admittedly passing through very trying times, it illustrates to my mind in a painfully clear manner the utter absence of a due correspondence between the condition of the people and the condition of the finances of the country. Indeed, my Lord, the more I think about this matter the more I feel—and I trust Your Lordship will pardon me for speaking somewhat bluntly—that these surpluses constitute a double wrong to the community. They are a wrong in the first instance in that they exist at all—that Government should take so much more from the people than is needed in times of serious depression and suffering; and they are also a wrong, because they lend themselves to easy misinterpretation and, among other things, render possible the phenomenal optimism of the Secretary of State for India, who seems to imagine that all is for the best in this best of lands. A slight examination of these surpluses suffices to show that they are mainly, almost entirely, currency surpluses, resulting from the fact that Government still maintain the same high level of taxation which they considered to be necessary to secure financial equilibrium when the rupee stood at its lowest. The year when the rupee touched this lowest exchange value was 1894-95, the average rate of exchange realized in that year being only 13.1d. to the rupee. Government, however, had, in the

face of the falling rupee, resolutely maintained an equilibrium between their revenue and expenditure by large and continuous additions to the taxation of the country, and thus even in the year 1894-95, when the rupee touched its lowest level, the national account-sheet showed a surplus of seventy lakhs of rupees. From this point onwards, the currency legislation, passed by Government in 1893, began to bear fruit and the exchange value of the rupee began to rise steadily. In 1895-96, the average rate of exchange realized was 13'64*d.* and the surplus secured was 1½ crores. In 1896-97 and 1897-98, the average rate of exchange was 14'45*d.* and 15'4*d.* respectively, but the years turned out to be famine years and the second year also one of a costly frontier war necessitating extraordinary expenditure for direct famine relief and military operations of 2'1 crores in the first year and 9'2 crores in the second. The result was that 1896-97 closed with a deficit of 1'7 crores and 1897-98 with a deficit of 5'36 crores. It will, however, be seen that if these extraordinary charges had not come upon the State, both years would have been years of surpluses, and the surplus for 1897-98 would have been close upon four crores of rupees. In 1898-99, exchange established itself in the neighbourhood of 16*d.*—the average rate realized during the year being 15'98*d.*—and the year closed with a balance of 3'96 crores of rupees, after providing a crore for military operations on the frontier—thus inaugurating the era of substantial surpluses. Now we all know that a rise of 3*d.* in the exchange value of the rupee—from 13*d.* to 16*d.*—means a saving of between four and five crores of rupees to the Government of India on their Home Charges alone, and I think this fact is sufficient by itself to explain the huge surpluses of the last four or five years. The following figures are instructive, as showing the true position of our revenue and expenditure, on the new basis of an artificially appreciated rupee:—

Year.	Deficit or Surplus in crores of rupees.	Extraordinary charges for war and famine relief.	Total surplus but for the extra charges.	Remarks.
1897-98 . . .	-5'36	9'21	3'85	A year of famine and war.
1898-99 . . .	+3'96	1'09	5'05	Frontier operations.
1899-1900 . . .	+4'16	3'5	7'66	A year of famine.
1900-01 . . .	+2'5	6'35	8'85	Ditto.
1901-02 . . .	+7	1	8	
Total for five years	12'26	21'15	33'41	or 6'68 a year.

“ If there had been no extra charges for war and famine, the national revenue on the basis of the new rupee would have been found to exceed the requirements of Government by about 6½ crores a year. Allowing for the savings effected in consequence of the absence of a portion of the troops in South Africa and China, as also for the generally reduced level of ordinary expenditure in famine times, and taking note of the fact that the opium revenue has recently turned out somewhat better than was expected and might reasonably be relied on, we still may put down the excess of our present revenue over our present expenditure at about five crores of rupees, which is also the figure of the amount saved by Government on their Home Charges as a consequence of the exchange value of the rupee having risen from 13*d.* to 16*d.* Now, my Lord, I submit with all respect, that it is not a justifiable course to maintain taxation at the same high level when the rupee stands at 16*d.* that was thought to be necessary when it stood at 13*d.* During the last sixteen years, whenever deficits occurred, the Finance Member invariably attributed them to the falling rupee and resorted to the expedient of additional taxation, explaining that that was the only way to avoid a national bankruptcy. During the first 12 years of this period, from 1885-86—when Sir Auckland Colvin told the Council in his Financial Statement almost in prophetic terms that affairs were ‘passing into a new phase,’ necessitating a reconsideration and revision of the fiscal status established in 1882—down to 1896-97, there was one continued and ceaseless struggle on the part of the Finance Department of the Government of India to maintain at all risks and hazards a ‘strong financial position’ in the face of a rapidly changing situation, and provide by anticipation against all possible dangers near and remote, fancied and real: and not a

year passed—literally speaking—but heralded some change in the financial arrangements of the country. The famine grant was suspended for three successive years, 1886-87-88-89, then reduced for two more, and permanently so in the last year of the period. Twice during these 12 years were the Provincial Contracts subjected to drastic revision (1887-88 and 1892-93), and the total gain secured to the Imperial Treasury on such revision and by a contraction of Provincial resources was full 110 crores (64 lakh in 1887-88 and 46 lakhs in 1892-93). Furthermore, during the period, thrice (in 1886-87, 1890-91 and 1894-95) were the Provincial Administrations called upon to pay special contributions in aid of Imperial revenues. But the chief financial expedient employed to escape the supposed embarrassment of the time was continuous additions to the taxation of the country. Nine years out of these 12 witnessed the imposition of new taxes. First came the income-tax in 1886, and then followed in rapid succession the salt-duty enhancement of 1887-88 (June 1888), the petroleum and patwari-taxes and extension of the income-tax to Burma in 1888-89, customs on imported liquors increased in 1889-90, the excise-duty on Indian beer in 1890-91, the import-duty on salt-fish in Burma in 1892-93, the re-imposition of the 5 per cent *ad valorem* duties on imports, excluding cotton-goods, in 1893-94, and the extension of import-duties to cotton goods in 1894-95. In 1896 there were changes in the tariff. The 5 per cent. import and excise-duties on cotton-yarns were abolished and the import-duties on cotton-goods were reduced from 5 to 3½ per cent.—involving a sacrifice of 50 lakhs of rupees as a concession to the clamour of Manchester, but a countervailing excise of 3½ per cent. was imposed on cotton-goods of all counts manufactured in Indian mills. Lastly, came the imposition of countervailing duties on imports of bounty-fed sugar in 1899.

“The total additional revenue raised by these measures of taxation during the past 16 years has been no less than 1230 crores a year.

“But this is not all. The land-tax, too, has come in in its own automatic way for large augmentations during the period. Taking the ordinary revenue alone under the head, we find the increase has been 282 crores. One startling fact about these land-revenue collections is that during the six years from 1896-97 to 1901-02 (a period including the two greatest famines of the century) these collections actually averaged £1743 millions a year as against £1567 millions, the average for the six preceding years, *i.e.*, from 1890-91 to 1895-96!

“Putting these two heads together the total augmentation of public burdens during these years comes to over 15 crores.

“Such continuous piling up of tax on tax, and such ceaseless adding to the burdens of a suffering people, is probably without precedent in the annals of finance. In India it was only during the first few years following the troubles of the mutiny year that large additions were made to the taxation of the country; but the country was then on the flood-tide of a short-lived prosperity, and bore, though not without difficulty or complaint, the added burden. During the past 16 years the country has passed through a more severe phase of agricultural and industrial depression, and yet it has been called upon to accept these fresh burdens—year after year—increasing without interruption, and all this with a view to ensuring and maintaining a ‘strong financial position’ proof against all assaults.

“The broad result of this continued series of taxing measures has been *to fix the taxation of the country at a level far above the actual needs of the situation.* And it is the *fiscal status* so forced up and maintained, and not a normal expansion of revenue, that has enabled the financial administration during all these trying years not only to meet out of current revenues all sorts of charges, ordinary and extraordinary, but to present at the close of the period abounding surpluses which the richest nation in Europe might well envy.

“*A taxation so forced* as not only to maintain a *budgetary equilibrium* but to yield as well ‘large, continuous, progressive surpluses’—even in years of trial and suffering—is, I submit, against all accepted canons of finance. In European countries, extraordinary charges are usually met out of borrowings, the object being to avoid, even in times of pressure,

impeding the even, normal development of trade and industry by any sudden or large additions to the weight of public burdens. In India, where the economic side of such questions find such scant recognition, and the principle of meeting the charges of the year with the resources of the year is carried to a logical extreme, the anxiety of the Financial Administration is not only to make both ends meet in good and bad years alike, but to present large surpluses year after year. The Hon'ble Finance Member remarks in his Budget Statement under 'Army Services': 'It must be remembered that India is defraying from revenues the cost of undertaking both rearmament and the reform of military re-organization in important departments. I believe that this is an undertaking which has not been attempted by other countries without the assistance of loans in some form or other. Even in England, extraordinary military requirements for fortifications and barracks have been met by loans for short terms of years repayable by instalments out of revenues. If profiting by a period of political tranquillity we can accomplish this task without the raising of a loan and the imposition of a permanent burden on future generations, I think that we shall be able to congratulate ourselves on having done that which even the richest nations of Europe *have not considered it* advisable to attempt.'

"Every word of this citation invites comment. How comes it about that India is doing in regard to these extraordinary charges that which even the richest nations of Europe have not considered it advisable to attempt? The obvious answer is that in those countries, it is the popular assemblies that control taxation and expenditure: in India the tax-payer has no constitutional voice in the shaping of these things. If we had any votes to give, and the Government of the country had been carried on by an alteration of power between two parties, both alike anxious to conciliate us and bid for our support, the Hon'ble Member would assuredly have told a different tale. But I venture to submit, my Lord, that the consideration which the people of western countries receive in consequence of their voting power should be available to us, in matters of finance at any rate, through an 'intelligent anticipation'—to use a phrase of Your Lordship's—of our reasonable wishes on the part of Government.

"But even thus—after doing what the richest nations of Europe shrink from attempting—meeting all sorts of extraordinary charges, amounting to about 70 crores in sixteen years, out of current revenues, we have 'large, continuous, progressive surpluses,' and this only shows, as Colonel Chesney points out in the March number of the *Nineteenth Century and After*, that more money is being taken from the people than is right, necessary or advisable or, in other words, the weight of public taxation has been fixed and maintained at an *unjustifiably* high level. Taxation for financial equilibrium is what we all can understand, but in taxation—kept up in the face of the difficulties and misfortunes of a period of excessive depression and for 'large, continuous and progressive surpluses'—is evidently a matter which requires justification. At all events, those who have followed the course of the financial history of the period will admit that the fact viewed *per se* of 'such large, continuous and progressive surpluses' have occurred during the period—as being a result not of a normal expansion of fiscal resources but of a forced up and heavy taxation—does not connote, as Lord George Hamilton contends, an advancing material prosperity of the country or argue any marvellous recuperative power on the part of the masses—as the Hon'ble Sir Edward Law urged last year. And to them, at any rate, the apparent paradox of a *suffering country* and an *overflowing treasury* stands easily explained and is a clear proof of the fact that the level of national taxation is kept unjustifiably high, even when Government are in a position to lower that level.

"This being my view of the whole question, it was to me, I need hardly say, a matter of the deepest regret that Government had not seen their way, in spite of four continuous years of huge surpluses, to take off a portion at any rate of the heavy burdens which had been imposed upon the country during the last sixteen years. Of course the whole country will feel grateful for the remission of close upon two crores of the arrears of land revenue. The

measure is a bold, generous and welcome departure from the usual policy of clinging to the arrears of famine times, till a portion of them has to be abandoned owing to the sheer impossibility of realizing them, after they have been allowed to hang over the unfortunate raiyat's head, destroying his peace of mind and taking away from him heart and hope. The special grant of 40 lakhs of rupees to Education will also be much appreciated throughout the country. But my quarrel is with the exceedingly cautious manner—a caution, I would venture to say, bordering on needless timidity—in which my Hon'ble friend has framed the Budget proposals for next year. Why should he, with four continuous years of fat surpluses to guide him, and no special cloud threatening his horizon, budget for a surplus of only $1\frac{1}{4}$ crores, when three times the amount would have been nearer the mark and that again as calculated by a reasonably cautious standard? If he had only recognized the ordinary facts of our finance, as disclosed by the surpluses of the last four years, he would have, among other things, been able to take off the additional 8 annas of salt-duty, raise the taxable minimum of the income-tax to at least Rs 1,000 a year, abolish the excise-duty on cotton-goods and yet show a substantial surplus for the year. And, my Lord, the reduction of taxation in these three directions is the very least that Government could do for the people after the uncomplaining manner in which they have borne burden after burden during the last sixteen years. The desirability of raising the exemption limit of the income-tax has been frequently admitted on behalf of Government, and, amongst others, by yourself in Your Lordship's first Budget speech. The abolition of the excise on cotton-goods is urgently needed not only in the interests of the cotton-industry, which is at present in a state of dreadful depression, in large measure due to the currency legislation of Government, but also as an act of the barest justice to the struggling millions of our poor, on whom a portion of the burden eventually falls, who have been hit the hardest during recent years by famine and plague, by agricultural and industrial depression and the currency legislation of the State, and who are now literally gasping for relief. In this connection I would especially invite the attention of Government to a speech delivered at the annual meeting of the Bombay Chamber of Commerce by my friend the Hon'ble Mr. Moses—a by no means unfriendly critic of Government, and one who enjoys their confidence as also that of the public. Mr. Moses in that speech describes with much clearness and force the great injury which the currency legislation of Government has done to our rising cotton-industry. That industry, he tells us, has now 'reached the brink of bankruptcy,' no less than fourteen mills being about to be liquidated, and some of them, brand new ones, being knocked down to the hammer for a third only of their original cost. Mr. Moses also speaks of the severely adverse manner in which the new currency has affected the economic position of the mass of our countrymen. As regards the reduction of salt-duty, I do not think any words are needed from any one to establish the unquestioned hardship which the present rate imposes upon the poorest of the poor of our community. Government themselves have repeatedly admitted the hardship, but in these days, when we are all apt to have short memories, I think it will be useful to recall some of the utterances of men responsible for the government of India in the matter. In 1888, when the duty was enhanced, Sir J. Westland, the Finance Member, speaking on behalf of the Government of India, said:—'It is with the greatest reluctance that Government finds itself obliged to have recourse to the salt-duty.' Sir John Gorst, Under Secretary of State for India, speaking a few days later in the House of Commons, referred to the matter in similar terms of regret. Lord Cross, then Secretary of State for India, in his Despatch to the Government of India, dated 12th April, 1888, wrote as follows:
. . . 'I do not...propose to comment at length on any of the measures adopted by your Government, except the general increase in the duty of salt. While I do not dispute the conclusion of your Government that such an increase was, under existing circumstances, unavoidable, I am strongly of opinion that it should be looked upon as temporary and that no effort should be spared to reduce the general duty as speedily as possible to the former rate.' His Lordship further urged upon the attention of the Government of India the following weighty considerations on the point:—'I will not dwell on the

great regret with which I should at any time regard the imposition of additional burdens on the poorest classes of the population, through the taxation of a necessary of life; but, apart from all general considerations of what is in such respects right and equitable, there are, as Your Excellency is well aware in the case of the salt-duty in India, weighty reasons for keeping it at as low a rate as possible. The policy enunciated by the Government in 1877 was to give to the people throughout India the means of obtaining an unlimited supply of salt at a very cheap rate; it being held that the interests of the people and of the public revenue were identical, and that the proper system was to levy a low duty on an unrestricted consumption. The success of that policy hitherto has been remarkable; while the duty has been greatly reduced, the consumption through this and other causes has largely increased.....The revenue is larger now than it was before the reforms commenced in 1877, and I see no reason to doubt that the consumption will continue to increase, if it be not checked by enhancement of the tax.' Speaking again at a public meeting in England, Lord Cross took occasion to repeat his views that 'he was convinced that *the earliest occasion should be taken to abrogate the increase in the salt-tax*' (28th February, 1889). In March of the same year, Sir David Barbour, speaking in the Viceregal Council with special reference to a proposal for the abolition of the income-tax, observed:— 'I think it would be an injustice so gross as to amount to a scandal if the Government were to take off the income-tax while retaining the salt-duty at its present figure.' In 1890 Sir John Gorst, in his speech on the Indian Budget in the House of Commons (August 14, 1890), remarked: '*the tax* (on salt) was no doubt a tax which ought to be removed and *would be removed as soon as it should be financially possible to do so.*' Similarly, Lord George Hamilton himself, in a speech on the Indian Budget Statement in the House of Commons (September 4, 1895), emphasized the necessity for reducing the salt-duty as early as possible, pointing out that no other tax pressed so heavily on the Indian people. In view of these repeated declarations, it is a matter for great surprise, no less than for intense regret and disappointment, that Government have not taken the present opportunity to reduce a rate of duty admittedly oppressive on a prime necessary of life, which, as the late Professor Fawcett justly urged, should be 'as free as the air we breathe and the water we drink.' It may be noted that the consumption of salt during the last fourteen years has been almost stationary, not even keeping pace with the normal growth of population,—showing a rise of less than 6 per cent. in fourteen years against a rise of 18 per cent. in four years following the reduction of duty in 1882,—and that the average consumption of the article in India is admittedly less than is needed for purposes of healthful existence.

"My Lord, the obligation to remit taxation in years of assured surpluses goes, I believe, with the right to demand additional revenues from the people in times of financial embarrassment. A succession of large surpluses are little conducive to economy and are apt to demoralize even the most conscientious Governments by the temptation they offer for indulging in extravagant expenditure. This is true of all countries, but it is specially true of countries like India, where public revenues are administered under no sense of responsibility, such as exists in the West, to the governed. A severe economy, a rigorous retrenchment of expenditure in all branches of the Administration, consistently, of course, with the maintenance of a proper standard of efficiency, ought always to be the most leading feature—the true governing principle—of Indian finance, the object being to keep the level of public taxation as low as possible, so as to leave the springs of national industry free play and room for unhampered movement. Such a course is also imperatively demanded by the currency policy which has been recently adopted by Government. That policy has, no doubt, given the country a stable exchange and brought relief to the Finance Member from his usual anxieties; but when the final adjustment of prices takes place, as is bound sooner or later to happen, it will be found that a crushing burden has been imposed upon the vast majority of taxpayers in the country. It is true that general prices have not been as quick to adjust themselves to the new artificially appreciated rupee, as the rupee itself has been to respond to the

restrictions put upon its production. This was, however, to be expected, as the force of tradition in a backward country like India was bound to take time to be overcome. Famine conditions during the last few years also retarded adjustment, but there is no doubt that there would be a general fall of prices sooner or later corresponding to the artificial appreciation of the rupee. And when that happens Government will be taking about 40 per cent. more in taxation from producers in this land and paying to its servants a similarly augmented remuneration. This will be a terrible burden for the masses of the country to bear. Already, during the last few years of famine, they have had to suffer most serious losses in converting their stock of silver into rupees, when the rupee had grown dearer but its purchasing power had not correspondingly increased. When the expected adjustment of general prices takes place, one curious result of it will be, that Government will have made a present to money-lenders of about 40 per cent. of the loans, which these money-lenders have made to agriculturists—a result which surely Government could never have desired. In view of the great injury which the currency policy of Government has thus done and will do as its results unfold themselves more and more to the agriculturists and other producers of this country, I submit, Government are bound to make to them such slight reparation as is possible by reducing the level of taxation as low as circumstances may permit.

“ My Lord, in considering the level of taxation in India and the administration of the revenues so raised, it is, I think, necessary to bear in mind two roof-facts: (1) that it is the finance of a country, a considerable part of whose revenues is, by reason of its political and military necessities, spent outside its borders and *ipso facto* brings no commercial equivalent to the country; and (2) that it is the finance of a country which is not only ‘poor, very poor,’ as Lord George Hamilton admits, but the bulk of whose population is daily growing poorer under the play of the economic forces which have been brought into existence by British rule. It is true that the fact of this growing poverty of our people finds no official recognition, and we have even assurances from the highest quarters of her advancing prosperity. With all due deference, however, I venture to submit that we, who live in the midst of the hard actualities of a hard situation, feel that any such comforting views of the condition of the Indian people are without warrant in the facts of the case, and we deem it our duty to urge, on behalf of the struggling masses no less than in the interests of good administration, that this fact of a deep and deepening poverty in the country should be frankly recognized, so that the energies of the Government might be directed towards undertaking remedial measures. The Hon’ble Finance Member sees in last year’s Customs returns a sign of the advancing prosperity of the people. Now, apart from the fact that it is unsafe to draw conclusions from the returns for any single year, since the imports of particular years often only technically belong to that year, there is, I submit, nothing in the returns of last year to bear out my Hon’ble friend’s contention. The bulk of our countrymen, whose economic condition is the point at issue, have nothing to do with the imports of sugar or cotton manufactures, which now are practically only the finer fabrics. The silver imported also could not have concerned them, since last year was a famine year and the poorer classes, instead of buying any silver, parted over large areas with the greater portion of what they possessed. The increase in the imports of petroleum only means the larger replacement of country-oil by petroleum—a thing due to the enterprise of certain English companies that sell petroleum in this country and the opening up of new tracts by railways. Petroleum is also in some places now being used for cooking purposes in place of fuel. I do not think, therefore, that the Hon’ble Member is justified in drawing from last year’s Customs returns the conclusion which he draws from them. The growth under Land-revenue, Excise and Stamps is sometimes mentioned as indicating increasing prosperity. But the growth of Land-revenue is a forced compulsory growth. It is a one-sided arrangement, and the people have either to pay the increased demand or give up their land and thereby part with the only resource they have. A growth of Excise-revenue, to the extent to which it is secured by increased consumption, only shows that the operations of the Abkari Department, with its tender solicitude for the interests of the legitimate consumer—a person not recognized

by the State in India in pre-British times—are leading to increased drunkenness in the land. This, of course, means increased misery and is thus the very reverse of an indication of increasing prosperity. Liquor is not like ordinary articles of consumption, which a man buys more or less as his means are larger or smaller. When a man takes to drink, he will go without food, and will sacrifice wife and children, if necessary, but he will insist on satisfying his craving for the spirituous poison. Similarly, an increase of revenue under Stamps only means an increase in litigation, which undoubtedly shows that the people are quarrelling more, but which is no proof of their growing riches. No, my Lord, the only taxes whose proceeds supply any indication of the material condition of the people are the income-tax and the salt-tax—the former, roughly speaking, for the middle and upper classes and the latter for the masses. Now, the revenue under both these heads has been more or less stationary all these years, and the Salt-revenue has not even kept pace with the normal growth of the population. They therefore lend no support to the contention that the people are advancing in material prosperity.

“ My Lord, Your Lordship was pleased to deal with this question at some length in the budget discussion of last year, and, after analysing certain figures, Your Lordship expressed the opinion that the ‘movement is, for the present, distinctly in a forward and not in a retrograde direction.’ The limitations of the method adopted in that investigation were, however, frankly recognized by Your Lordship. I think, my Lord, the attempt to determine the average income per head for a given population is useful only for the purpose of obtaining a statical view of the economic condition of that people. And from this point of view, our average income, whether it works out to Rs. 18 or Rs. 20 or Rs. 27 or Rs. 30 per head, is exceedingly small and shows that we are an exceedingly poor people. But, when these calculations are used for taking a dynamical view of the economic situation, the method is open to serious objection, as the necessarily conjectural character of many of the data renders them of little value for such a purpose. But, though the determination of the average income per head in a manner satisfactory to all is an impossible task, there is, I submit, ample evidence of another kind which can help us to a correct understanding of the problem. And this evidence, I venture to say, points unmistakably to the fact that the mass of our people are not only not progressing but are actually receding in the matter of material prosperity. I have here certain tables,* compiled from official publications, relating to (1) census returns, (2) vital statistics, (3) salt consumption, (4) the agricultural outturn of the last sixteen years, (5) cropped area in British India, (6) area under certain superior crops, and (7) exports and imports of certain commodities, and they establish the following propositions:—

- (1) That the growth of population in the last decade has been much less than what it should have been, and that in some Provinces there has been an actual decline in the population.
- (2) That the death-rate per *mille* has been steadily rising since 1884, which points to steadily increasing number of the people being under-fed.
- (3) The consumption of salt, which already in this country is below the standard required for healthy existence, has not kept pace with even this meagre growth of population.
- (4) That the last decade has been a period of severe agricultural depression all over India.
- (5) That the net cropped area is diminishing in the older Provinces.
- (6) That the area under superior crops is showing a regrettable diminution.
- (7) The export and import figures tell the same tale, *vis.*, that the cultivation of superior crops is diminishing. Cattle are perishing in large numbers.

* *Vide* Appendix II.

"The losses of the agricultural community, owing to the destruction of crops and cattle and in other ways during the famines of the last five years, have been estimated at something like 300 crores of rupees. There is, again, indisputable evidence as to the fast proceeding exhaustion of the soil through continuous cropping and for the most part unmanured tillage. Sir James Caird wrote strongly on the point, remarking 'crop follows crop without intermission, so that Indian agriculture is becoming simply a process of exhaustion.' Dr. Voelcker expressed a similar view. The indebtedness of the agricultural classes is also alarmingly on the increase. Mr. Baines, writing about the North-Western Provinces and Oudh, says:—'Of the peasantry, it is estimated that nearly three-fourths have to go to the money-lender to enable them to tide over the interval between the spring and the autumn season.' As regards Bombay, the MacDonnell Commission write:—'At least one-fourth of the cultivators in the Bombay Presidency have lost possession of their lands, less than a fifteenth are free from debt and the remainder are indebted to a greater or less extent.' Similar evidence, I believe, is forthcoming about the Punjab and the Central Provinces.

"These and similar facts, taken cumulatively, lead, and lead irresistably, to the conclusion that the material condition of the mass of the people in India is steadily deteriorating, and I grieve to say that the phenomenon is the saddest in the whole range of the economic history of the world. Here is a peasantry which, taken all in all, is inferior to no other people in industry, frugality and patient suffering. It has enjoyed the blessing of uninterrupted peace for half a century, and at the end of the period the bulk of them are found to be in a worse plight than they have ever been. I submit, my Lord, that a fact so startling and so painful demands the earnest and immediate attention of Government, and I venture to believe the Government cannot afford to put off facing the situation any longer. An enquiry into the condition of a few typical villages has been suggested, and, if undertaken, will certainly clear many of the prevailing misapprehensions on the subject. It is urged on behalf of Government that no such inquiry is needed, because similar inquiries have been already made in the past. There is no doubt that inquiries of some sort have been made and Government have in their possession a large body of valuable information on the subject—information which unfortunately they insist on withholding from the public. Why this should be so is difficult to understand, as the field is exclusively economic and Government ought to welcome the co-operation of non-official students of the subject in understanding and interpreting the economic phenomena of the country. I venture to think that if the papers connected with the Cromer inquiry of 1882, the Dufferin inquiry of 1887-88 and the confidential inquiry undertaken in 1891-92 were published, much valuable assistance would be afforded to the public by Government. The same remark applies to the statistical memorandum and notes on the condition of lower classes in the rural parts, furnished to the Famine Commission of 1898 by the Provincial Governments, the official memorandum referred to by Your Lordship in the Budget discussion of last year, 'worked out from figures collected for the Famine Commission of 1898,' the Appendices to the Report of the Famine Commission of 1901 and the official memorandum on agricultural indebtedness referred to by the present Lieutenant-Governor of the Punjab in his speech on the Punjab Land Alienation Bill—all of which documents have been kept confidential without any intelligible excuse. I think Your Lordship will have done much to bring about a truer appreciation of the economic situation in the country, if you will see your way to publishing these valuable papers and documents, which there is really no reason for withholding from the public.

"My Lord, I have so far tried to show (1) that the huge surpluses of the last four years are in reality only currency surpluses, (2) that the taxation of the country is maintained at an unjustifiably high level and ought to be reduced, and (3) that India is not only a 'poor, very poor' country, but that its poverty is steadily growing, and in the administration of its finances, therefore, due regard must always be had to this central, all-important fact. Since the close of the beneficent Viceroyalty of Lord Ripon, however, our finances have been so managed as to lend support to the view that other interests take precedence of Indian interests in the administration of Indian revenues. Thus large sums

have been spent out of our meagre revenues on conquest and territorial expansion, which have extended England's dominion but have brought no benefit to the people of India. The English mercantile classes have been conciliated by undertaking the construction of railways on an unprecedentedly large scale—programme following programme in breathless succession—sometimes in spite of the protests of the Finance Member—a policy which, whatever its advantages, has helped to destroy more and more the few struggling non-agricultural industries that the country possessed and throw a steadily increasing number on the single precarious resource of agriculture. And this railway expansion has gone on, while irrigation, in which the country is deeply interested, has been more or less neglected. The interests of the services were allowed to prevail, first in the concession made to uncovenanted Civilians enabling them to draw their pensions at the high rate of 1s. 9d. a rupee, and then in the grant of exchange compensation allowance to all European officers, civil and military. Military expenditure has grown by nearly 6·5 crores a year during the period, and will increase by 1¼ crores more on account of the new increase in the European soldier's pay, and the burden of Home Charges has grown by over 3 millions sterling. And all this while the expenditure on education from Provincial Revenues rose only by a paltry 20 lakhs or so, and domestic reforms in other directions have been neglected to a greater or less extent. There has been much talk about the growing indebtedness of the agricultural population, but no remedial action of a really helpful character, involving any outlay on the part of the State, has been undertaken. Happily a change for the better again seems to have come upon the Government during the last three years. Your Excellency has placed the Frontier question on a satisfactory basis, and this is all the more remarkable because a certain vigorous speech of Your Lordship's, delivered long before there was any idea of your being entrusted with the highest office in this country, had seemed to commit Your Lordship to the views of the Forward school. The recent Resolution on the land question, however one may disagree with the controversial part of it, is conceived in a spirit of large-hearted sympathy with the struggling poor, and if the generous principles that it lays down for the future guidance of Local Governments are loyally carried out, they will win for the Government the deep gratitude of the people. In this connection I may venture to state that, so far as my Presidency is concerned, the Supreme Government has admitted the correctness of most of our contentions. Thus it is admitted that the pitch of assessment is too high in Gujarat. In the matter of revision enhancements, it is frankly stated that deviations from the rules have occurred in the past. In paragraph 37 it is strongly urged that in tracts where agricultural deterioration has, owing to whatever causes, taken place, there ought to be reduction of the State demand as a necessary measure of relief; and it is freely admitted that 'there have been cases in which a reduction was not granted till the troubles of the people had been aggravated by their efforts to provide the full fixed demand.' Lastly, greater elasticity is now promised in revenue-collection, facilitating its adjustment to the variations of the seasons and the circumstances of the people. After these frank admissions and generous assurances it is somewhat interesting to recall a speech of the Revenue Member of the Bombay Government delivered two years ago in the Bombay Legislative Council, in which he told us, in reply to our suggestion that the principle of individual inquiry should be abandoned in respect of areas where the crop-failure was general, that a contract was a contract, and that, though Government chose to help those whom it considered most in need of relief, no one could claim such relief as a matter of course. As regards irrigation it is clear that its claims will receive fair recognition at Your Lordship's hands in the near future. The questions of Police reform, of Provincial Finance, Agricultural Banks and of Primary, Industrial and Agricultural Education are all evidently receiving Your Excellency's earnest attention. One feels that there is a something in the air which indicates that, after sixteen years, questions of domestic reform will once more resume their proper place in the councils of the Government of India, and the heart owns to a strange flutter of hope, not unmingled with a fear of disappointment, because three years of Your Lordship's term are gone and no one can say how much may be actually accomplished in the two that remain. My Lord, the country is confronted with an economic crisis of unparalleled severity

and no mere half-measures will be found to be of much avail. Not 'efficiency' merely, but 'bold and generous statesmanship' must now be written on the slate of the Indian Viceroy. If Prussia could in the course of the last century raise its serf population to the position of a strong and flourishing peasantry, I do not see why English statesmen should allow the free peasantry of India gradually to sink to the level of serfs. If the State demand were permanently fixed in the older Provinces, where the conditions laid down in Sir Stafford Northcote's despatch of 1867 have been fulfilled, the measure, I am persuaded, would prove a great boon to the people. A correspondent of the *Times of India*—a journal which has rendered during these trying times signal services to the agriculturists of the Bombay Presidency—in a series of letters which have attracted general attention has demonstrated in a forcible manner the mischievous effects of the present policy of periodical revisions—how improvements are taxed, in spite of statutes and rules, at every periodical revision, how lands which can leave no margin for the payment of assessment are assessed all the same, and how the condition of the agricultural community is steadily deteriorating. Permanent settlement in raiyatwari tracts cannot be open to the objection that it is asking the State to surrender a prospective revenue in favour of a 'few individuals.' I admit that such a measure by itself may not suffice to improve the condition of the agriculturists, and that it will be necessary in addition to provide for them cheap money and enable them to compound in some manner with their creditors. If all these measures are taken, they will give the peasantry of the country a real, fresh start, and then Government might even place some restrictions on the raiyat's power of free alienation. I am aware that the recent Resolution of the Government of India makes a definite pronouncement against permanent settlement and that it speaks in terms of disapproval of the permanent settlement granted in Bengal by Lord Cornwallis. It seems to be forgotten, however, that the policy which Lord Cornwallis carried out was William Pitt's policy, and that that great statesman made the land-tax permanent in England at the same time that he asked the Governor General of India to grant permanent settlement to Bengal. Those, however, who condemn the Bengal settlement have no fault to find with Pitt's fixing the land-tax in perpetuity in England. It is true that Your Lordship's Government has declared itself against permanent settlement, but a position that has been reversed once may be reversed again, and I am not without hope that the wisdom of the proposals of Halifax and Northcote, of Canning and Lawrence—most honoured names among the administrators of India—may come to be appreciated better on some future day. Then the question of mass education must be undertaken in right earnest and, if it is so undertaken, the present expenditure of Government on public education will require a vast increase. My Lord, it is a melancholy fact that while with us nine children out of every ten are growing up in ignorance and darkness, and four villages out of every five are without a school, our educational expenditure has been almost marking time for many years past; whereas in England, where every child of school-going age must attend a school, the Government expenditure on education has mounted from $4\frac{1}{2}$ millions to $11\frac{1}{4}$ millions sterling in the course of 15 years, and Lord Rosebury is not yet satisfied! It may be asked how can the two things that I advocate simultaneously be achieved together, namely, a considerable reduction of taxation and a large increase in the outlay on education and other domestic reforms? My answer is that the only way to attain both objects simultaneously is to reduce the overgrown military expenditure of the country. My Lord, when the strength of the Army was increased in 1825 by 30,000 troops in spite of the protest of the Finance and Law Members of the Government of India, it was pointed out by those two officers that the then existing strength of the Army was really sufficient for all purposes of India—for keeping quiet within the borders and repelling aggression from abroad, and that if the contemplated increase was effected, it would only constitute a temptation to the Indian Government to undertake undesirable schemes of territorial aggrandizement. The Army Commission of 1879, after an exhaustive inquiry, had come to the same conclusion, *viz.*, that the then strength of the Army was sufficient not merely for the work of maintaining internal peace but also for repelling foreign aggression, even if Russia acted *with Afghanistan as an ally*. But the scare of a conflict with Russia was then so great that it carried everything before it, and the proposed additions to the Army were made in

India. It may be noted that it was not only in India but in other parts of the British Empire too that large and sudden additions were then made to the existing garrisons, Mr. Gladstone obtaining a large note of credit for the purpose. But the remarkable circumstance is that, whereas everywhere else the garrisons were reduced to their old proportions as soon as the scare passed away, in India alone the burden came to stay. The result of this was that the prophesy of Sir Auckland Colvin and his colleagues was fulfilled with painful promptitude, and within a year after the increases were made Upper Burma was invaded, conquered, and annexed. Well, my Lord, the contention that the additional troops were not wanted for Indian purposes is again forcibly illustrated by the fact that, during the last two years over 20,000 troops are engaged outside India in doing the work of the Imperial Government, and that, though one of these two years saw the severest famine of the last century, the peace of the country has continued absolutely unbroken. I am aware that in one of your first speeches in this Council, Your Excellency was pleased to declare that so long as you were at the helm of affairs in India, no suggestion for a reduction of the strength of the Army would meet with any support at the hands of the Indian Government. Now, even if an opinion, expressed three years ago, be not liable to modification today, what we urge is, and I submit, not necessarily a reduction of the strength of the Army located in India, but a reduction of its cost to the Indian people. What strength of the Army should be maintained in India is a question of high Imperial policy in which we are not allowed a voice. But this, I think, we may claim, that if the strength maintained is in excess of India's own requirements, as it is now plainly proved to be, the cost of the excess portion should, as a mere matter of justice, be borne by the Imperial Government. Even on the narrower ground that the Army in India is required for the maintenance of British rule, England, I submit, is as much interested in the maintenance of this rule here as we are, and so it is only fair that a portion of the cost should be borne on the English estimates. If this were done and if Indians were more widely employed in the public service of the country—more particularly in the special departments—Government will be able to reduce taxation and yet find money for more education, better Provincial finance, active efforts for the industrial development of India after the manner of the Japanese Government, and various other schemes of internal reform. Then will Indian finance be really placed on a truly sound basis, and then will our public revenues be administered as those of a poor country like India should be administered. My Lord, Your Lordship spoke the other day in terms of striking eloquence of the need there is of Indians now giving up narrow views or limited ideals and feeling for the Empire with Englishmen that new, composite patriotism which the situation demands. Now that is an aspiration which is dear to the heart of many of us also. But the fusion of interest between the two races will have to be much greater and the people of India allowed a more definite and a more intelligible place in the Empire before that aspiration is realized. Let Englishmen exercise a certain amount of imagination and put themselves mentally into our place, and they will be able to better appreciate our feelings in the matter. It has been said that a little kindness goes a long way with the people of India. That, I think, is perfectly true. Who, for instance, ever thought of casting a doubt on the loyalty of the Indian Press in the time of Lord Ripon? There was strong language used then as now in the Press, but it was not in the Indian section of it. What, my Lord, is indeed is that we should be enabled to feel that we have a Government national in spirit though foreign in *personnel*—a Government which subordinates all other considerations to the welfare of the Indian people, which resents the indignities offered to Indians abroad as though they were offered to Englishmen, and which endeavours by all means in its power to further the moral and material interests of the people, in India and outside India. The statesman who evokes such a feeling among the Indian people will render a great and glorious service to this country and will secure for himself an abiding place in the hearts of our people. Nay, he will do more—he will serve his own country in a true spirit of Imperialism—not the narrower Imperialism which regards the world as though it was made for one race only and looks upon subject races as if they were intended to be mere footstools of that race—but that nobler Imperialism which would enable all who are included in the Empire to share equally in its blessing and honours.

My Lord, I have said all this before Your Lordship not merely because you happen to be Viceroy of India at the present moment, but also because every one feels that Your Lordship is destined for even higher honours and for positions of greater responsibility and influence on your return to your native land. And, if this anticipation is realized, Your Lordship will be in a position—even more so than to-day—to influence the character of the Government of this country in the direction we so ardently desire. In this hope I have spoken to-day, and I respectfully trust Your Lordship will forgive me if here and there I have spoken with a frankness which may appear to be somewhat unusual, but which, in my humble opinion, is one of the highest forms which true loyalty can take."

The Hon'ble RAI SRI RAM BAHADUR said :—" My Lord, I cordially congratulate the Hon'ble the Finance Minister on the able and lucid Financial Statement he has laid before this Council, and I must acknowledge the liberal, fair and sympathetic manner in which he has dealt with the economic questions relating to this country. It is a source of much gratification to us to find that Your Excellency's Government has been able to show a large surplus to the extent of £4,672,900 and has expressed its determination to devote a considerable portion of it to some very worthy objects. First of all, we find that Your Excellency has abolished in the Central Provinces that objectionable tax called the pandhari-tax. This will, I am told, relieve some 22,000 persons from that odious burden. I very much wish that the Government had seen its way to abolish, on this occasion, a similar tax realized from a far larger number of people, equally circumstanced and equally hard-pressed, namely, the income-tax paid by persons whose income ranges between Rs. 500 and Rs. 1,000. By this remission the most objectionable feature of the income-tax might have been removed. The figures supplied to me by the Hon'ble the Finance Minister (and for which I am thankful to him) show that in the year 1898-1899 the total amount of income-tax, minus refunds, collected in India, was Rs. 1,90,34,290; of this, the sum of Rs. 34,91,402 was collected from 300,969 individuals whose incomes were returned to be below Rs. 1,000, but not less than Rs. 500. In the year following, *i.e.*, 1899-1900, the total tax collected was Rs. 1,93,18,935, which included the sum of Rs. 35,13,767 realised from 304,542 persons having incomes below Rs. 1,000, but not less than Rs. 500. Whilst in the last year for which the returns are available, *i.e.*, 1900-1901, the total amount of the tax was Rs. 1,96,34,381. This sum included Rs. 34,91,672 as collected from 302,817 persons, who had incomes below Rs. 1,000, but above the minimum assessable amount. These figures show that the amount collected from persons returned as having incomes below Rs. 1,000 is comparatively small. In England the minimum taxable annual income is £150, which in Indian currency is equivalent to Rs. 2,250, *i.e.*, four-and-a-half times of that in India. If in a rich country like England the sum of Rs. 2,250 has been considered the proper limit for the minimum taxable amount, in a poor country like India that minimum fixed at Rs. 500 is highly disproportionate. But, my Lord, it is not this consideration alone on which the desirability of the remission asked for is based. The large number of persons who have to pay such tax is an important factor to be taken into account. Excepting those who have fixed salaries, there is no satisfactory way in which the real income of persons of this class can be ascertained with accuracy. The petty traders and others who are made to pay such tax do not keep any accounts, and once they are reported by the patwari or the village-chaukidar as persons who should be taxed, they are declared liable to its payment. It is very seldom that such persons can escape from the grip of the tax-collector, because they cannot successfully rebut the presumption raised against them. That great difficulties do exist in the collection of the tax from persons of this class was acknowledged by such a high authority as His Honour the present Lieutenant-Governor of the United Provinces when sitting in this Council as the official representative of those Provinces. He then said, 'In these grades the tax is collected from a number of petty traders, who as a rule keep no regular accounts, whose income is extremely difficult—almost impossible—to ascertain, regarding whom an assessing officer is hardly ever able to satisfy himself as to the justice and fairness of his assessment.'

" My Lord, there is yet another ground which ought to be considered with reference to this matter. The men with petty incomes find it difficult, in these days when the cost of living has increased so much, to make the two ends meet. It is such persons who really deserve relief. I sincerely trust that Your Excellency will take their hard lot into your kind consideration and relieve them of a burden as objectionable as the pandhari-tax which has just been abolished.

" We are deeply grateful to Your Excellency's Government for the decision to remit nearly two crores of rupees as arrears of land-revenue in the distressed districts, thereby giving the riyat the opportunity to recover from the disastrous effects of the last two successive famines which visited various parts of the country. This remission, while it shows the magnanimity of Government, evidences at the same time the utterly destitute condition of millions of peasants who are so helpless as not to be able to pay their rents when there is a failure of crops in one or two successive seasons. My Lord, the United Provinces' share in this remission is rather too small. The arrears due on account of takavi advances ought to have, for similar reasons, been remitted, but no remissions have been made under that head.

" In this connection, with Your Lordship's permission, I will refer to one of the suggestions made by me on the occasion of the Budget debate last year as one of the remedies against famine; and to which I beg to invite Your Excellency's attention again, as the last Famine Commission also has laid great stress on this matter in its report submitted in May last. What I ventured to suggest on that occasion was that takavi or agricultural advances should be distributed as soon as the first symptoms of distress become visible and not when the pinch is actually felt. Had the local authorities adopted this course in the areas affected, it goes without saying that millions of cultivators would not have been placed in the deplorable condition to which they were actually reduced. But this can only be done if the local authorities are provided with sufficient funds to make advances at the proper time.

" We must also express our thankfulness to Your Excellency's Government for the grants, which amount to one crore and fifteen lakhs of rupees, made to the Local Governments for the following purposes:—

- (1) 25 lakhs of rupees for Minor Irrigation works, such as village wells, tanks and channels;
- (2) 40 lakhs of rupees for Education;
- (3) 32 lakhs for Public Works; and
- (4) 18 lakhs for Medical requirements and Provincial Administration purposes.

" But, with reference to these grants, it must be noted that they are for one year only, and the shares allotted to the different Provincial Governments will not be sufficient for their wants in the various directions for which these grants have been made. But, my Lord, it is not so much for the grants as the departure from the policy formerly pursued which has made us profoundly thankful to Your Excellency's Government. The fact, my Lord, need not be concealed that successive previous Governments rarely, if ever, considered very carefully the local needs of the various Provinces. But Your Excellency in Council has been pleased to direct your attention to urgently-needed reforms as the improvement of Police, Education and Sanitation, and make special grants for them.

" My Lord, it affords us much gratification to find that Your Excellency's Government propose to introduce scientific methods of agriculture in this country. On this subject I said a good deal last year, and I need not repeat those remarks. What I humbly believe is that agriculture is susceptible of great improvement in this country; and that, by availing of the methods introduced and adopted in the West, the Government can give a great impetus in this direction. I can assure the Hon'ble Finance Minister that the Indian peasantry, though conservative, is not so foolish or prejudiced as not to accept improvements in agriculture, if they are really practical and do not cost much money. What the Government has got to do is to show the way, and the peasantry will cheerfully follow it. In my humble opinion, Indian youths should be sent to Europe and America for agricultural

education, with scholarships tenable for two or three years, and, on their return, employed here for the purpose of showing the landholders the way in which they can improve agriculture in their estates by following scientific methods. As 80 per cent. of the population of British India depends for its very existence upon the produce of the soil, agriculture should claim the first consideration of the Government.

"As regards the Agricultural Banks, the United Provinces, as Your Lordship is aware, have taken the lead in the matter. Already about 150 Banks on the co-operative system have been established there. They have just been started and are only infant institutions. They are in the experimental stage; it is thus impossible to say anything definitely about them. I fervently wish, however, they will take root in this country and prove as useful as they have done in the West.

"*Money Orders.*—Another pleasant feature of the present Budget is the proposed reduction of commission on postal money orders for sums not exceeding five rupees. This is a move in the right direction, as it is in the interests of the poorer classes of remitters. The anticipated loss of revenue, amounting to £16,700, will most probably be more than counterbalanced by an increase in the number of small remittances and the commissions paid on them. This expectation in the increase of revenue may fairly be founded on the experience we have had of such increases following the reduction of other postal charges.

"I may take this opportunity of drawing Your Excellency's attention to two other matters of a similar nature. Newspapers weighing four tolas can now be sent through the Post Office for one pice worth of postage. It will be a great boon to the general public if the weight be increased from four to five tolas, and I earnestly trust the subject will receive the kind consideration of Your Excellency's Government. The second matter is reduction in the rates of charges on telegrams. The rates of charges on foreign telegrams have no doubt been reduced, but the benefit so conferred will be shared by only a limited number of persons. It is hoped that Your Excellency's Government will see their way to make a reduction in the rates which are at present charged for the transmission of inland telegrams also. Such a measure will be of advantage to a very large section of the Indian public.

"*Other features of the Budget.*—My Lord, if there are pleasant features of the Budget, there are some unpleasant ones too. I shall notice them briefly with a few remarks. It would have been more satisfactory if the splendid surplus had been secured in a healthy way. But not only was a large amount of it a windfall, but an important part of the increase of railway revenue was due to the heavy transport of food-grains for famine purposes. It should also be remembered that, taking as a whole, there was no increase but considerable decrease in the Land Revenue. For, if there was an increase of £299,300 in some parts of the country, there was also a decrease in other parts to the extent of two crores of rupees, the amount which the Government have just remitted. The details of the increase in the import-duties are not before us, so it cannot be stated with certainty how much of the imported articles has been purchased by the general masses in the country and how much by the Government, the richer classes both in European and Indian communities, and Railway Companies and mill-owners. In short, the surplus of 1900-1901 cannot be an incontestable proof of the growing prosperity of the country.

"One of the most important questions dealt with by the Hon'ble the Finance Minister is the recuperative power of the people of British India. His opinion is that this country possesses 'extraordinary recuperative power.' But there are some stubborn facts which go against this opinion. For instance, if the people had recuperative power, how was it that two crores of land-revenue had to be remitted to give millions of raiyats 'time to recuperate,' to quote the words of the Hon'ble the Finance Minister? Then, if they had recuperative power, Government would have not been under the necessity of feeding tens of thousands of famishing people throughout the whole of this year. Just now these starvelings amount to more than a lakh of people. It is admitted by the recent Famine Commission that in Bombay and the Punjab the majority of the cultivators are in the hands of the money-lenders. This fact also shows that India has very little recuperative power; for, if the people had it, they would not have become the bondsmen of the saukars.

“ My Lord, the fact cannot be denied that there is deep poverty among the agricultural and labouring classes. Taking Your Lordship’s estimate of Rs. 20 as the average annual income of an agriculturist, this small sum can barely suffice for his wants. Indeed, an average agriculturist rarely, if ever, can afford to use finer sorts of grains. He has to live upon the cheapest and therefore the coarsest of food-grains. While the people in other countries drink liquor and tea, the Indian raiyat is satisfied with his tobacco—that is his only luxury. Then, now and then he has to go without a full meal. There is a notion that the agriculturists waste their money in festivals. My Lord, this is not generally the case. Firstly, they can scarcely lay by anything. And, secondly, the only festivals they perform, as a rule, are connected with marriage and funeral ceremonies. And the little money they spend on these occasions is distributed among their own castemen and remains in their native villages. In other countries the people rest one day in the week, but here in India they toil incessantly from morning to evening and know not what Sabbath is. My Lord, an Indian peasant is not only poor but leads a very hard life indeed. He has no or very few enjoyments. Even taking it for granted that his income has increased by Rs. 2 within the last 20 or 25 years, the prices of food-stuffs have, at the same time, risen more than 30 per cent. within that period. It should be noted that the agricultural classes form 80 per cent. of the entire population of British India.

“ When such is the condition of the agriculturist, it is hardly necessary to point out that the labouring classes are in a worse plight. In my part of the country, a labourer generally earns two annas per diem, and he has to remain idle for four or five months in the year for want of work. This simple fact will suffice to convey an adequate idea of their actual position. Of course, those labourers who live in or near the towns are much better off, but their number, compared with the rural population, is very small.

“ Nor are the non-agricultural middle classes in a prosperous condition. The return of the income-tax, to which I have referred in another place, shows that there are only a little over three lakhs of people in a population of 180 millions whose annual incomes average between Rs. 1,000 and Rs. 500. My Lord, the recuperative power of India cannot be high when 80 or 90 per cent. of its population have to live almost from hand to mouth.

“ This chronic poverty of people will explain why the failure of a single crop brings millions of them to the verge of starvation and makes them dependent on Government help. The scanty or unseasonable rainfall is no doubt the immediate cause of the famine, but the responsible rulers of the land know more than I do whether there are any other cause or causes at the bottom of these frequent famines. The fact was, however, admitted by the Government of Lord Elgin that it was not from a famine of food-grains that they suffer, but from that of money. Other countries like India are also subject to climatic vicissitudes, but there famines do not break out with such frequency and intensity, because the people in those countries have money to buy their food and various industries to fall back upon.

“ *Military Expenditure.*—My Lord, various measures have been suggested by which a substantial and lasting relief could be given to the Indian Exchequer, thereby enabling the Government to remove the poverty of the people to a large extent and avert future famines as far as that is possible, and one of them is the reduction in the military costs. The fact that a large number of troops could be safely spared for employment for a lengthened period in foreign countries and the staunch devotion and unswerving loyalty of the Indian peoples to the British Crown are two very important factors which should be taken into consideration in the decision of this question.

“ But if for some political reasons it be considered advisable to keep the troops in India on the present high numerical scale, the experience gained by the continued absence of a large portion of them from here and their employment in foreign countries cannot but lead to the conclusion that they are required more for Imperial than for Indian purposes. That such is really the case was the view expressed on behalf of the India Office by their Financial Secretary in a memorandum submitted in 1895 before the Royal Commission

appointed to enquire into the administration of expenditure in India. The second paragraph of that memorandum runs thus—

'That India is utilized as a reserve for England in a much truer sense than England is for India; that England not merely claims the services of British regiments for the time stationed in India, but that she frequently uses the Native regiments towards the cost of which she has in no way contributed; that it may, therefore, be reasonably urged that England ought to assist in the maintenance in India of so large a force upon which England does not hesitate to draw.'

"The above position has received very strong support from the experience gained in recent years. It will be simply an act of justice if the British Exchequer will contribute a fair share towards the cost of the maintenance of these troops. In this way the Indian Exchequer will get substantial relief, and the saving thus effected may be utilized either in reducing taxation, such as the salt-tax, or in constructing works of irrigation for the prevention of famine, without having recourse to borrow money for such purpose. But, my Lord, we are sorely disappointed in this respect. Instead of giving any help towards the military expenditure, the Home Government have made an addition to the already heavy burden of the Indian Government in this respect, in the shape of additional pay to be given to the British troops in India, the ultimate annual amount of which cannot be given exactly just now by the Hon'ble the Finance Minister, but the sum provided by him for the coming year on account of this additional expenditure is £226,000.

"*Currency Notes.*—There is another matter alluded to in the Hon'ble the Finance Minister's Budget Statement on which I beg permission to say a few words. It is the circulation of Government currency notes. No doubt, as stated by him, the question is beset with difficulties, and a divergency of opinion exists among the Government officers, Banks, and commercial bodies on this subject. I can say from my own experience that great difficulties exist in securing the free encashment of these notes in the mufassal treasuries, as well as in procuring them from those treasuries if anybody wants them. If Government would give directions to the district and sub-divisional treasuries to cash the notes presented to them without charging any discount and also to keep currency notes and supply them to the public when asked for, such a step is sure to popularize their circulation. The difficulty at present experienced in getting them encashed in the mufassal and in procuring them when required stands in the way of their freer circulation.

"*Assessment in the United Provinces.*—My Lord, the Government has recognised the principle that in order to place the landed classes in a better position to withstand the effects of a season of drought, the assessment of Government demand should be moderate in incidence. In the Resolution on assessment of revenue lately issued by Your Excellency's Government, it is stated:—

'It cannot but be their (Government's) desire that assessment should be equitable in character and moderate in incidence; and there should be left to the proprietor or to the cultivator of the soil—as the case may be—that margin of profit that will enable him to save in ordinary seasons and to meet the strain of exceptional misfortune. Such aspirations must be even more forcibly impressed upon the Government at a time when, owing to prolonged continuance of adverse circumstances, the agricultural population has passed through a phase of almost unequalled depression, and needs the fullest measure of encouragement that it is possible to afford.'

"My Lord, nothing can be more humane, more sympathetic or more statesmanlike than the policy announced by Your Excellency's Government in the words quoted above. With Your Lordship's permission I beg to say a few words on the applicability of the principles enunciated above to the circumstances of the land-holding classes in the United Provinces. From these remarks of mine, the portions of the Province which are permanently settled, as well as the permanently settled estates in Oudh, are excluded. Raiyatwari tenure being unknown in those Provinces, my remarks have a bearing upon the zamindari and talukdari estates only.

"In connection with this matter there are two points which deserve attention—one is what is the percentage of the actual gross assets which the Government takes as its revenue-demand, and the other is the share of assets which the landholder actually gets after deducting the cesses and rates, cost of collection,

&c., and unrealized portion of the rental demand from the tenants and which he can utilize for the support of himself and of his family and dependants, for other necessary expenses and at the same time have a margin left so that a portion of it he can spend upon the improvement of his estate and something he may lay by 'to meet the strain of exceptional misfortune' such as a year of scarcity or drought may bring upon him.

"First, as regards the share of assets which the Government takes as land-revenue. A perusal of the majority of the settlement statements prepared by the Settlement-officers and on the basis of which the assessment is generally made will show that the Government revenue is not usually calculated on the amount of rent which the zamindar actually gets but on the aggregate assets made up of actual rents paid by the tenants, possible rents assessed on rent-free tenures, lands considered as let on favourable rates of rents and many other factors taken into account. It is on figures calculated by an elaborate process that the assessment of Government revenue is based. From the figures so obtained, no doubt, it can be shown that in the districts in which revision of assessment has taken place, the State demand in the shape of Government revenue proper is a little less than 50 per cent. But the real point to see is what net profits go into the pockets of the landholders. With regard to estates owned and managed by private individuals, no reliable statistics can be available, and therefore no accurate deductions can be drawn as regards their real net income. But, my Lord, I think a very fair deduction can be drawn on this subject from the facts and figures given for the estates under the management of the Court of Wards of the United Provinces. The last report available, that is, for the revenue-year which ended on the 30th September, 1900, relates to estates which are 202 in number, embracing an area of $3\frac{1}{8}$ millions of acres, with an annual rental demand of 76 lakhs of rupees. In the Resolution by the Local Government reviewing the said report, we find 'the proportion of the revenue-demand to the rental demand is 48.2 per cent., but, if the figures for the Balarampur estate are excluded, it stands at 50 per cent.'

"My Lord, I think that the figures given in the Resolution of the Local Government referred to above may be taken to represent the true state of circumstances with regard to the large number of the zamindari estates, especially those held by the smaller zamindars.

"The next point is, what are the net savings to the landholders after deducting rates, cesses, collection expenses and unrealized portion of rents from the tenants? Cesses and rates amount to 8 per cent., which the landholder has to pay to Government. Statutory provision is no doubt made for the realization of a portion of the patwari-rate from the tenants, but its amount is very small and it often remains unrealized. The patwari and chaukidar are now entirely Government servants: the zamindar has no control over them.

"In the 42 per cent. left after deducting the cesses and rates, the cost of collection and management is to be reckoned. In the same report the percentage of cost of management for the estates situated in different districts (excluding the Balarampur estate) ranges from 13.5 per cent. to 6.8 per cent. on the gross income. I think 10 per cent. is a fair amount which may be allowed for cost of collection and management. Then the landholder does not generally realize the whole of the rental demand from his tenants. In the report referred to above we find that of the current demand of ₹75,99,802 for the revenue-year which ended on 30th September, 1900—(a year not of any exceptional circumstances, but an average one)—the Court of Wards with all the facilities which recent special legislation has placed in their hands to collect their demands by the same processes by which the Government collects its revenue, collected ₹68,78,638 only, or over 90 per cent., showing an uncollected balance of about 10 per cent. Of course, some arrears of rent for the previous years too were collected; taking these also into account, say at about 5 per cent., the entire collection cannot exceed in the generality of the estates 95 per cent. of the current demand. Then we have to take into account the law expenses which every landholder has to incur, and I do not consider that the expenditure on this item and others is less than 2 per cent. Of course, in the larger estates some of these items may be less, but for the majority of estates the above approximate figures may be taken as a fair basis of calculation.

“By adding up all the above items, the margin of net profits left to the landholder is 25 per cent. In very well managed estates it may be greater, and in badly managed ones it may be less. Making all possible allowances, the net profits cannot in the best managed estates exceed 30 per cent. The figures given by me show the average net profits. The landholder has to meet his own expenses, those of his family and of other persons dependent upon him from the net assets left to him. This margin is not sufficient, in the generality of cases, especially of smaller landholders, to leave anything for effecting improvements in their estates, or to enable them to save money which may be of use to them to meet the strain of exceptional misfortune.

“*The Provincial Contracts.*—The question in which the various Provinces are most vitally interested is the financial relation between the Central Government and the Local Governments. The theory of decentralisation is no doubt quite sound in principle. But the scheme as originally devised by Lord Mayo and subsequently developed by other Viceroy's has, unfortunately, instead of producing the wished for result, turned out otherwise. The unsatisfactory nature of what is called the Provincial Contract has been the subject of several comments not only in non-official circles, but successive Lieutenant-Governors of Bengal have strongly protested against the manner in which the savings of Local Governments have been appropriated by the Central Government. Sir Alexander Mackenzie complained that ‘the Government of India did not seem to realise that it has as great responsibility for local administration as the Local Government itself.’ My Lord, there is a good deal of truth in the following description of the state of affairs given by the same Lieutenant-Governor of Bengal during the debate on the Budget in 1896:—‘The Provincial sheep is summarily thrown on its back, close clipped and shorn of its wool and turned out to shiver till its fleece grows again. The normal history of a Provincial Contract is this: two years of screwing and saving and postponement of work; two years of resumed energy on a normal scale and one year of dissipation of balances in the fear that if not spent they will be annexed by the Supreme Government at the time of revision.’ His Honour the present Lieutenant-Governor of Bengal has also complained in the same way though in a more conciliatory spirit. As a matter of fact, the principle laid down by the late Finance Minister, Sir James Westland, was bound to create alarm and anxiety in the minds of those who were responsible for the welfare of the people entrusted to their care. Indeed, he was pleased to declare that the first claim on the Provincial Revenues was the claim of the Imperial Government; and if, after meeting all the requirements, ‘we may find ourselves able’ to spare anything, ‘we may grant that amount to the Provincial Governments to meet their wants.’ In plain words, Sir James Westland, on behalf of the Supreme Government, addressed to the Local Governments something to this effect: every pice of the revenues you raise belongs to the Central Government and you have no right to it. The Central Government have their necessities, every one of which must be first met, and after that, if they can spare any money, they will only make a gift of it to you. So please do not grumble but be thankful for what you receive.’ My Lord, that was the helpless condition to which the Local Governments were sought to be reduced; and no wonder the non-official as well as several official Members took strong exception to that position.

“My Lord, I gratefully acknowledge that a higher principle has guided the Government of India under the present *régime*, and that encourages me to submit that Your Lordship's Government would be graciously pleased to treat the Local Governments more liberally than it was possible to do during the beginning of Your Excellency's rule on account of one of the greatest famines of the century. I respectfully submit that a large portion of this splendid surplus cannot be better utilised than in helping the Provincial Governments with liberal grants, as all of them are in a more or less needy condition. It need hardly be said that unless the Central Government is liberally disposed towards them, it would be utterly impossible for the Local Governments not only to carry out any administrative and economic reforms, but to maintain, even in a state of efficiency, many of the existing works of public utility.

"With Your Lordship's permission I beg to submit that in my Province, *i.e.*, the United Provinces, many administrative and economic reforms are most urgently needed in various directions. The Police Department requires to be manned with better and therefore more highly paid officers. The educational programme, specially in its technical and agricultural branches, needs further expansion. The District Boards require to be placed in a position of more complete financial independence. The Municipal Boards are to be placed in such a condition as would enable them to carry out various sanitary measures. The subordinate ministerial establishment of both the judicial and executive branches of the service needs an improved scale of allowances. And the last, though not the least, are the provisions for medical help to the rural population, the vast majority of whom receive no such help when they require it. Every one of these reforms is of a pressing character and requires funds for its carrying out.

"On the occasion of the last year's Budget debate I ventured to point out that the United Provinces were entitled to a larger share, for their local expenses, out of the revenues raised by them, and in support of my contention I quoted facts and figures to show that the other Provinces were more fortunate in this respect. Those figures were taken from the Revenue and Finance Accounts of the Government of India for the year 1899-1900. The accounts for the year 1900-1901, now issued by the Financial Department, do not disclose any improvement in this respect, so far as the United Provinces are concerned. We are however grateful to Your Excellency's Government for the additional grant of 13 lakhs of rupees made in the next year's Budget for further expenditure under the heads of Education, Public Works, and Revision of Revenue Establishments and Medical objects; but there are two features with respect to these grants which deserve notice. The first is that they appear to be of a temporary character, *i.e.*, for one year only; and the other is their inadequacy. The sum of 5 lakhs granted for educational purposes is quite incommensurate with the educational needs of the Province, so is the grant of Rs. 3½ lakhs for expenditure on schemes for the revision of revenue establishments and for medical objects. The amounts allotted under these two heads are quite insufficient. The sum which has been placed at the disposal of the United Provinces Government to be spent on schemes for the revision of revenue establishments is so small that it cannot produce any substantial improvement in the allowances of the very large number of subordinate officers on that establishment. The improvement of the condition of such staff in the Judicial branch of the service remains totally unprovided for. With the plague raging in many of the districts of the United Provinces, the additional grant made for medical objects is quite insufficient. The omission of any grant to those Provinces for village irrigation-works, such as wells, tanks, etc., is also noticeable. They require the aid of Government in this respect to the same extent as other Provinces.

"The temporary Provincial Contracts with the United Provinces would in the ordinary course of events have come to an end at the close of the financial year which is about to expire, and a hope was cherished that a fresh settlement for the next quinquennial period would have been made, and in doing so the growing requirements of those Provinces would have been taken into consideration and greater liberality shown in allotting the share of revenue to be spent locally by the Provincial Government. But Your Excellency's Government have thought fit not to re-adjust the terms of the contract this year but to make certain additional grants for a limited number of heads of expenditure and only for one year. Now one of the mandates of the Supreme Government which the Provincial Government is bound to obey is that it must keep a minimum closing annual balance of Rs. 20 lakhs. The effect of this mandate, coupled with the rigid economy observed by the Supreme Government in allotment of sums to be expended locally, is that the Local Government in its Budget is obliged to cut down every item of expenditure to its lowest possible limit. Such a system leaves no room for expansion. The Local Government being thus handicapped has not the means at its disposal to provide for the increasing requirements of the Province.

District Boards.—My Lord, a step most necessary for the advancement of local self-government in the United Provinces and affecting the progress and welfare of the rural population is that each of the District Boards should stand in an independent financial position with respect to the funds raised by it, subject of course to the usual departmental control. Notwithstanding that these Boards have now been in existence for about eighteen years, they have not up to the present been able to fully secure this position. The system at present followed with respect to the receipts and expenditure of these Boards is that the incomes raised by them—with the exception of a very few small items—are carried to one common fund. From this fund, supplemented with grants from Provincial revenues, the Local Government makes allotments to the several District Boards, of such sums for their local expenditure as it considers proper. These allotments are not generally made in accordance with the local revenues raised by each of the districts. The result is that they can spend only that portion of their income which the Government pleases to allot to them. This system cannot contribute towards the attainment of that improvement of the district which is so desirable. Many works of public utility are not taken up by the District Boards in consequence of this want of financial independence. It may be asked why I bring this matter before Your Excellency in Council. The first reason is that the Local Government cannot complete this reform unless it gets more money from the Central Government. The second reason is that the Local Government is anxious to legislate on the subject, but it cannot alter the present Act relating to the District Boards without the sanction of the Supreme Government. Here I may mention that, on the occasion of the Budget debate in the Provincial Council in April, 1900, on my calling attention to the question of financial independence of the District Boards, the Hon'ble Mr. Meston, the Financial Secretary, was pleased to answer:—

'I fully sympathise with the Hon'ble Babu Sri Ram's plea for greater financial independence for the District Boards. The question of granting such independence has, for years past, received the careful consideration of the Government. I would refer Hon'ble Members to the lucid explanation of this policy given by the Hon'ble Mr. Miller last year. The policy therein indicated is being steadily pursued, and Government would gladly confer further financial independence upon the Boards did not their needs in other directions make it practically impossible to do so.'

"It is the paucity of funds, my Lord, that prevents the Local Government from carrying out this reform fully, and the Central Government alone can enable them to do so.

Octroi-duties.—My Lord, I consider it my duty to invite Your Excellency's attention to a matter which is of grave concern to the Municipalities of the United Provinces. Under the directions contained in the Home Department Resolution No. 55-60, dated 24th April, 1899, those Municipalities have been compelled to revise their schedules of rates at which octroi is levied on articles paying customs-duty, and to lower the rate of that duty on all such articles to R1-9 per cent. with the exception of three such articles. In the larger Municipalities of the Provinces the lowering of these octroi-rates will produce injurious effects on their incomes. The list given below will show the estimated annual loss of income which those Municipalities will have to suffer in consequence of this change:—

	R
1. Lucknow	53,217
2. Benares	40,904
3. Allahabad	23,332
4. Meerut	18,387
5. Agra	13,000
6. Bareilly	9,542
7. Koel (Aligarh)	7,298
8. Shahjahanpur	5,690
9. Fatehgarh-cum-Farrukhabad	5,233
10. Fyzabad	4,392
11. Muttra	4,209
12. Gorakhpur	2,168
13. Mirzapur	1,690
14. Sabaranpur	1,489

3. The figures given above show that the aggregate estimated loss to these Municipalities will amount to about ₹1,90,851 annually. Some idea as to the proportion which this loss bears to the total octroi-income may be formed from the figures for the Lucknow Municipality—the largest in the United Provinces, both in point of area and population. Its average annual income from octroi is about three and a quarter lakhs of rupees. The sum of ₹53,217 is collected from articles which will be affected by the Government Resolution. Of course, the Municipal Boards have been busy in taking steps to level up to the 1-9 per cent. limit those rates which are at present under that limit. They have also, in order to recoup the loss so occasioned, raised the rates of octroi-duty on certain articles which form the necessaries of the poorer classes. My Lord, the measures which the Municipal Boards have been compelled to adopt to make good the loss thus occasioned are not proper ones. Failing to recoup this loss by the readjustment of their octroi-rates, many of them will be driven to have recourse to some form of direct taxation, *e.g.*, house-tax. It is submitted that direct taxation is not suited at all to the condition of these Boards, and in poor cities like Lucknow and Allahabad it will be the most objectionable form of taxation. This will be a departure from the principle which Your Excellency's Government was pleased to lay down in the Resolution above referred to, which says that in connection with octroi taxation theoretical reasons should not prevail. In the said Resolution the remarks of Sir Charles Crosthwaite giving preference to indirect over direct taxation are quoted with approval. These remarks run as follows:—

“In imposing taxation in this country it is more necessary to consider the prejudices of the people than the strict theories of taxation. I have no hesitation in saying that it would be impossible to raise in Northern India or in the Central Provinces by direct taxation anything like the sum raised by octroi, and that the attempt to substitute direct taxation in the large towns and cities there for octroi would lead to much and serious trouble. The discontent would be out of all proportion to any advantage that would result. The measure would have to be imposed in spite of the Municipal Committees by an order of Government. Neither do I think that the Government of India can with a good grace force such a measure upon the local bodies, unless it is prepared to help them with money grants—a measure which, if it was financially possible, would be inadvisable in my opinion.”

“The Government have evidently taken this step on the representation made to them by certain parties from certain parts of the United Provinces to protect the articles which pay customs-duty; but no cogent reasons have been given for the taking of such a step. The urban population alone pays octroi-duty on articles which are brought within the municipal limits for its consumption; the rural population, which forms by far the bulk of the population of India—the proportion of the latter to the former in the United Provinces, according to the first Famine Commission's Report, being as 93 to 7—has not to pay any octroi-duty at all. It is therefore evident that the imposition of octroi at a higher rate on the articles in question, when brought within municipal limits, cannot have any serious effect on the general consumption. It has not been shown by any statistical figures that the higher rate of octroi as levied at present has in any way affected, diminished or stopped the consumption of such articles.

“I further submit that the present is not a proper time for adopting any measures tending to affect the stable sources of income of the Municipalities and substituting in their place doubtful and experimental methods. The larger Municipalities are already in the midst of a financial crisis owing to their having contracted considerable amounts of debts for the construction of water-works. The plague has already appeared in some of the Municipalities and is committing dreadful havoc upon the people residing within their limits; the others are threatened with the appearance of this grim monster. Both classes of the Municipalities have to incur additional expenditure for measures of sanitation and prevention. All these Municipalities have limited sources of income; any interference in the rates of octroi, which is the most important source of their income, is sure to exercise a great disturbing influence on their financial equilibrium. It is therefore submitted that Your Excellency's Government will be pleased to take into consideration all these circumstances and reconsider the directions contained in the Resolution above referred to.

“Loans and Grants to Municipalities.—There is another matter relating to the Municipalities of the United Provinces to which I beg to invite the attention of Your Excellency's Government.

“As a first step towards their sanitary improvement, six of the larger Municipalities in the plains, *viz.*, Lucknow, Benares, Allahabad, Cawnpur, Agra and Meerut, undertook the construction of water-works for the supply of pure water and got them completed. The initial costs of these works were met partly from the municipal funds, partly from Government grants, and partly by loans advanced by the Imperial Government, the bulk of the costs being met from these loans. The recurring costs which the Municipalities have to incur in connection with the water-works are under two heads: first, maintenance of the works; second, repayment of the loans with interest by annual instalments. To meet these items of expenditure the Municipalities have been taxed to their utmost limits, and no fresh taxation can be imposed upon them now.

“Experience has shown that the boon conferred upon the residents of those Municipalities by the introduction of the water-works has not proved an unmixed blessing. Want of a good drainage system constructed on scientific principles is very strongly felt. The stagnation of superfluous water has generated malarial fever in many localities. Two of the Municipalities, *i.e.*, Benares and Cawnpur, have got a fair start in having a drainage system constructed, but the rest have still to devise ways and means for the attainment of this object. With the plague already in the midst of some of them and knocking at the doors of the others, these Municipalities have to incur additional expenditure on matters of sanitation, and their finances are not in a satisfactory condition. I have said before that any fresh taxation in these Municipalities is altogether out of the question. The additional expenditure required for the construction of drainage-works can be met within two ways only, *viz.*, either from grants or from loans by Government. It is submitted that, taking into consideration that the construction of drainage-works is absolutely necessary for the health of those Municipalities, Your Excellency will be pleased to place the Local Government in such a position as would enable them to give substantial help in the shape of grants. In case the whole sum required for the construction of drainage-works cannot be given to the Municipalities as grants, they may be helped to carry out those works by loans advanced at 4 per cent. per annum. The loans taken by the Municipalities from the Government for their water-works are being paid off regularly with interest by six monthly instalments. The period fixed for their repayment is thirty years. If the unpaid portions of the previous debts and the money to be advanced for the construction of drainage-works be consolidated into one loan, and the Municipalities be allowed to repay it by six monthly instalments of the same amount as they do now, they will become free from all debts in due course, without having any increase in their annual expenditure under this head. The interest charged by Government from these Municipalities is at the rate of 4 per cent. per annum; and as the Government can borrow money at $3\frac{1}{2}$ per cent., the transaction with Municipalities leaves a margin of $\frac{1}{2}$ per cent. in its favour.

“One word with regard to the idea that the Municipalities should go into the market and raise the requisite loans themselves; such a course would be quite fruitless. The incomes of these Municipalities are pledged to Government for the repayment of loans already advanced. Their receipts are hardly sufficient to meet the current expenditure; and, after the repayment of the loans advanced by the Government, there will be no or very small savings to liquidate other loans. It is highly improbable that under their present financial circumstances the public would give a favourable response to their application for loans.”

The Hon'ble MR. SMEATON said:—“My Lord, the surplus which has just been declared by the Hon'ble Finance Member is a very large one, and promises to be a continuing one, and looked at in juxtaposition with the figures of the people on famine-relief in the same Gazette, I think the remarks made by the Hon'ble Mr. Gokhale may well give us pause and cause for reflection, and in particular I would call upon Your Excellency's Government

to notice his remarks in regard to the salt-tax. I have a high authority for saying that the salt-tax—the late Sir Richard Temple is my authority—is equivalent to 3 per cent. of the income of the lower class of cultivators, and, if that is so, I think the remarks of the Hon'ble Member may well attract the attention of Government. A commencement has been made to give the people of India the benefit of a certain portion of the large surplus now declared in the form of remission of taxation. The commencement is very small, but the indication is good. By the Act passed today the pandhari-tax has been abolished, and I congratulate the Hon'ble Mover of that Bill although the amount is not particularly large. Although I have not noticed in the neighbourhood of Calcutta any relief-works as yet started for indigent income-tax payers, I think the poorer classes to whom the Hon'ble Mr. Turner referred certainly deserve the consideration of Government. All of us who have had experience of this tax know—and for myself I can say that I have had a very sad experience of it for the last ten years—that it is the poorer classes that are the most heavily assessed. The richer get off, it is the poorer class of people whose incomes and whose circumstances are most closely examined by the tax-gatherer, and in proportion to their income they are undoubtedly a great deal more heavily taxed than those who enjoy higher incomes, and I would heartily support what has just been said by the Hon'ble Mr. Turner and the successive speakers after him, and trust that Your Excellency's Government will give some attention to the claims of the lower class of income-tax payers. I am taking the items of the Financial Statement serially. I look at paragraph 56, in which it is stated by the Hon'ble Sir Edward Law that 'our customs-revenue is—in a direction which we may welcome—threatened by the development of native industries supplying our wants and diminishing our importations, and in this connection I may specially point to the rapid increase in the production of Indian petroleum,' and so on. I cordially concur in welcoming this change in the economic situation of India, and I would say that in order to give it that fostering care which Your Excellency has so often declared it your object to do I should not scruple even to give it encouragement, were it necessary, by imposing protective duties. The case of India is not the case of England. We are here in the face of a problem, namely, to attempt to divert a large struggling half-starved population from barren agriculture to fields of possibly more lucrative occupation, and I do not see that the Government of this country should be over squeamish in taking such steps as it thinks necessary to protect those industries in this country with which the industries of the mother country may enter into competition. In particular, Burma, with which I have been connected for some time, is the chief producer of petroleum. I hope that this new and growing industry will be left unembarrassed and untrammelled by any foreign systems of monopoly, and that it will be protected against invasion by those huge foreign combinations which kill individual industry, and left to work out its prosperity in freedom. The question of the remission of land-revenue I shall touch upon last.

"There is a subject here which I feel bound almost to refer to because I referred to it last year, but the reference I then made has not met with any response from my Hon'ble Friend the Financial Member, and that is with regard to the circulation of currency notes. I mentioned last year that the statement contained in paragraph 70 is practically a fiction, and I am afraid I must repeat the same words still. We here find it stated that there are actually 230 millions and 600 thousand rupees in notes which are said to be in circulation. As I understand the word 'circulation' it means 'in the hands of the public,' who use the notes, but I think I am right in saying that a very large proportion of these 230 millions and 600 thousand rupee notes are locked up in the treasuries and in the sub-treasuries. There are 260 treasuries and there are 1,500 sub-treasuries. My experience as an inspecting officer is that the proportion of notes in the treasuries and sub-treasuries is vastly greater than in the hands of the public. Therefore to go and say that these notes of 230 millions and 600 thousand rupees are in the hands of the public of India is, as I must repeat, a fictitious representation. It looks, my Lord, as if every adult male was waving a five-rupee note over the Finance Member's head. I strongly urge that this should be corrected. What would be said of a Bank with an issue of £200,000

in notes which published to the world that the circulation of its notes to the public was £150,000, while £100,000 of these notes were locked up in the strong rooms of its Branches? That is the position here. What would be said of a manufacturer who published to the world as sales of his produce a quantity of goods which were unsold and lying in his agencies? That is the position, my Lord, here in this Statement, and I trust that the remonstrance which I have made may induce the Finance Minister to rectify the misconception which the Statement in its present form causes to arise.

"I come to paragraph 82 under the head of Provincial Settlements, and here the reference is local; it is in regard to Burma. I notice that Your Excellency's Government has resumed for the benefit of Imperial Revenue an annual sum of £280,000. I cannot see that there can be anything wrong in that. On the contrary, I think it is perfectly right. The Province can afford it, and although it subsidises Imperial Revenues on a high scale already, still the resources of the Province are quite sufficient to meet the demand. I do not say that it might not have been avoided, because I have not a doubt that the reason why the Finance Minister has chosen to appropriate this sum is because the Provincial balances have risen to an extraordinary figure. The amount now is nearly one million sterling. The remark made last year by the Finance Minister as to the very large balance then at the disposal of the Local Government was that the Local Government found difficulty in spending it. But that remark struck me as peculiar, and now when I find the amount of the Provincial balances so very large, I cannot help here making an explanation very briefly of how that balance has in part at least arisen. I shall preface what I have got to say by informing the Council that Burma for the last fifty years has been dependent practically for many of its necessaries of life, including its bread, its vegetables, its meat, and its fruits, upon Calcutta. When we annexed Upper Burma the Southern Shan State appeared to be an excellent field for the production of those very necessaries of life which the Province has had to import for the last half century from Calcutta. Shortly after the annexation the Political Officer reported on the high fertility of those Southern Shan States plateaux and announced that in his opinion they were fit to produce the very articles which hitherto the province had imported from abroad. For the last ten years he has urged the construction of a line of railway which would connect those fertile plateaux with the market of Rangoon. Nothing came of it. Wheat, which was to supply the bread of the Province, was only saved from rotting on the ground by the intervention of a kindly Commissariat Department, for which I have to thank the Military Member. In 1898, perceiving the growing Provincial balance, I ventured to suggest to the Local Government a project for the construction of a line from these plateaux to Rangoon. I prepared a Note, carefully as I thought, showing how this scheme could be carried through. That scheme betook itself to the proverbial shelf. I make this explanation because in reading the text of the present Summary with the remarks made last year in regard to the inability of the Local Government to spend the Provincial balance, it might be thought that I had some remote connection with that inability. I repudiate any such connection—even the remotest. And now, my Lord, I turn for a moment to the last subject on which I have to make some remarks. Coming to paragraphs 58 and 59, it is very satisfactory to learn that a considerable part of the large surplus of $4\frac{2}{3}$ millions or 7 crores is to be devoted to the remission of nearly 2 crores of land-revenue arrears in distressed districts. But, according to the Accounts of 1900-01, over 60 lakhs of land-revenue and rates were realized from Bombay, the Punjab and Madras in excess of the collections of 1899-1900, the year of famine, and these 60 lakhs were largely arrears in provinces where there had been either famine or deficient rainfall—arrears which, apparently, should not have been demanded at all. It would thus seem that the bounty now offered does not, in reality, amount to 2 crores, but to that sum less these sixty lakhs or such part of them as represented arrears caused by famine or deficient rainfall. Then the doubt arises how much, if any, of the bounty will reach the pockets of the tenants, many of whom (as we knew who have had experience of such transactions) have probably already paid their rents in part or in whole to their landlords? It is to be hoped that no effort will be spared to ensure that a fair share of the bounty may reach the suffering

peasantry. And this brings to my mind a very vital question lately raised whether the intensity of recent famines is, or is not, largely due to poverty caused by the operation of our land-revenue system as a whole. The land-revenue system of India is not concerned merely with assessments of revenue. It embraces also the collection of revenue and the assessment, collection and recovery of rents which are the fund from which most of the revenue is paid; and no conclusions on the grave issue now raised can be accepted which are based on any narrower view. In a State paper now before me recently issued by the Governor General in Council one aspect of the question, namely, the effects of assessments and settlements on the landholders or revenue-payers has been discussed. This paper is a careful historical review mainly of the system of settlement in the various provinces; the subject is lucidly and sympathetically handled throughout; and in paragraph 38 the Government claims to have established ten propositions. The first nine of these are concerned, mostly, with the various improvements and ameliorations which have been made in the principles and procedure of settlements: and propositions 11, 12, 13 describe certain further anticipated improvements. The tenth proposition which is claimed to have been established is a very important one: it is this, 'that over-assessment is not, as alleged, a general or widespread source of poverty and indebtedness in India and that it could be regarded as a contributory cause of famine.' I am afraid that this tenth proposition must be taken with considerable reservation and that in making the assertions which it contains the writer has gone beyond the evidence which he has produced. I am in no kind of sympathy whatever with the tone of Mr. Dutt throughout his dissertation on the effects of our revenue-assessments: I consider that many of his statements are erroneous and unjustifiable: and I learn with satisfaction that a veteran officer of distinction whom we all know and admire is about to publish a refutation of them under the title of 'Famine Half-truths: Truths and Untruths.' But at the same time, it strikes me, the utmost that can be inferred from the facts adduced in the State paper now before me is that the system, but more specially the procedure, of settlement has been gradually modified and ameliorated; that the revenue-payers, *i.e.*, the landholders as a class, are living under the benefits of these improvements, and that the statutory tenants as a class have protection by law against at least rack-renting and arbitrary eviction by their landlords. This is all, so far as I can see, that can be legitimately inferred from the evidence: and it is a very different thing from the positive assurance of proposition 10. At the same time it certainly shows a very great advance on the condition of sixty or seventy years ago. But when the challenge thrown down by the critic of Government as interpreted and accepted by the writer of the State paper in his paragraph 3, is, whether intensity of famine is not largely due to poverty caused by the operation of our land-revenue system as a whole, a much wider field of enquiry is opened up. The landholders and the protected tenants are not the only classes, nor indeed the most important classes, affected by our land-revenue system. There remain the many millions of inferior tenantry and agricultural labourers. In Madras, Bombay and Burma—which may be called the raiyatwari provinces—the raiyats sub-let a very large proportion of their lands to sub-tenants; in the Punjab 40 per cent. of the total cultivated area is held by tenants-at-will; in the United Provinces of Agra and Oudh apparently at least one-third of the total tenant-held area is cultivated by tenants-at-will; in Bengal, so far as I can ascertain from the slender data available, a proportion of from 5 to 9 per cent. of the cultivated area is held by sub-tenants. From the census of 1891 and the appendices to the State paper now before me and from information gleaned elsewhere it may be estimated that the inferior tenantry and agricultural labourers number together about 50 millions or one-sixth of the entire population of India. I am told by one who has had forty years' experience in India that I have understated the numbers of this more or less submerged population, but, for the present, let it stand, as more accurate figures are not forthcoming. An authority on famine relief has informed me that the proportion of inferior tenants (including village artizans) on a 'well managed' relief-work—by which I understood a work managed by himself—should not exceed from 15 to 25 per cent., the remaining 75 per cent. being agricultural labourers. I am afraid this

proportion is below the mark, the fact being that many who are classed as field-labourers are also small tenants. I have had thirty years' close intercourse with the people of two provinces, an old and a new one; and have had experience of three famines. That experience teaches me that the real sufferers in scarcity or famine are *first* the 50 millions of small tenants and agricultural labourers—both of whom are directly or indirectly affected by our land-revenue system; *second* the many millions of other labourers including artizans who are not directly so affected. The real issue therefore between the Government and its critic appears to be this: is or is not the intensity of famine on these 50 millions largely due to their poverty caused by the operation of our land-revenue system as a whole? To take the inferior tenants first. It is matter of common knowledge that they are burdened with heavy rents, many with rack-rents; that the majority are indebted to money-lenders and that many are insolvent. It is admitted in paragraph 31 of the State paper now before me that at least three secondary causes of intensity of famine are, rack-renting, high rates of interest, and illegal cesses. As to the rents which these inferior tenants pay, I quote the following from the summary appended to the State paper before me:—'Under the raiyatwari systems of Bombay, Madras and Burma, a large and increasing proportion of the land is regularly sublet at a rent of half the produce.' I have it on the highest authority that in Madras all lands are extensively sublet at very heavy rates ranging in money up to R80 per acre and in produce up to four-fifths of the whole crop on rice-land. In Bengal the sub-tenants in certain congested tracts often pay half and more than half of their crop as rent, and frequently have to pay a fixed quantity of produce, estimated at half in good seasons, whether the crop be a good or a bad one. These standards of rent are typical of what prevails in the other provinces. Now these unfortunate sub-tenants have, as a rule, to pay these heavy rents, or the value of the produce in money, before the Government revenue becomes due. If they do not pay punctually, they are generally liable to peremptory eviction. This means that, if they have to pay money rents or the value of the produce in cash, they may have to sell off most, sometimes all, of their produce in a market already glutted, and therefore not at profitable rates. They cannot hold up their grain for a later rising market. But if in addition to this, as is believed, most of them are indebted, they may have been compelled (as we know they often are) to make forward sales of their produce to their money-lenders at prices lower even than the glutted market-rates, and therefore at considerable loss. Again, if, as we believe to be the case—and paragraph 31 of the State paper before us indicates the fact—that these sub-tenants have to pay extra cesses in grain or cash or labour, their condition is still more aggravated. Thus, then, if the situation be as I have described it, the wretched sub-tenant is hemmed in on every side by necessities, which even in ordinary times render his condition, to say the least, precarious. If it is the case that under the pressure of these necessities, including a demand of $2\frac{1}{2}$ to 3 per cent. on his slender income for his salt (this on the high authority of the late Sir Richard Temple), he can barely subsist, it is clear that in ordinary times he cannot save. When the stress of famine comes, he is bound to collapse. He has neither produce nor money, his slender credit is stopped, and he and his family have to go on relief. It can hardly be denied that intensity of famine on this large population of sub-tenants is greatly due to poverty caused by the operation of our land-revenue system as a whole.

• "Now, as to the 19 million field-labourers. How are they affected in time of famine by our land-revenue system? Obviously the condition of their employers re-acts directly on them. If the resources of their employers are seriously crippled or exhausted, the wages fund runs very low, work is scarce and wages irregular and small. But even in good times their wages are, it is believed, little more than a bare subsistence. Their employers—the landholder and substantial tenants—are very largely in the hands of money-lenders and can hardly afford, even if they would, more than a bare living wage. The fact that the wage is no more than bare living seems to be established by the admission in paragraph 30 of the State paper that 'the great majority of the people on relief-works are not raiyats but agricultural labourers.'

"It appears, then, to come to this. Our land-revenue system has been, and still is, in great measure, directly responsible for a faulty distribution of the produce of the land among the classes who are dependent on the land; that what may be called the submerged tenantry and field-labourers receive too little and somebody else receives too much. We have, in certain respects, forced the submerged populations into a higher, or at least a more modern, standard of living, or, to quote Sir Edward Law's concluding words in paragraph 19 of his summary, we have imposed on them the 'demands attendant on social and economic progress.' Have we left them the means of living up to this standard? Just as in education—of which Your Excellency is believed to be an ardent devotee—our system has given a great stimulus to certain kinds of development; but have we given the so-called educated classes the means of turning their education to account?"

"It may be objected that I have pointed out defects in our revenue-system and a condition of life among 50 millions which is deplorable but that I have suggested no remedy. My answer is, *first*, that I speak at present simply as a friendly critic of the State paper recently issued to the public in which, in my opinion, so far as the condition of the people is concerned, only part of the truth is told; and, *secondly*, because I can hardly trespass longer on the indulgence of the Council. But, perhaps, I may venture with diffidence on one or two suggestions crude though they may be. Protection should be extended—as it is already in a partial manner in Bengal—to all grades of agricultural tenants. I understand that some such measure has long been called for in Madras. For the last ten years I have been urging the need of such a protecting Act in Burma, to little avail I fear, although a proletariat is beginning to arise there which, if ever Lower Burma is visited by famine, will startle the Government, for the Burman is not such a patient sufferer as the Indian. Then the policy of Agricultural Banks—on which I congratulate the Hon'ble Financial Member—should be vigorously pursued, and the Government need not, I think, be squeamish in putting some pressure on the people to co-operate. I understand that an enhanced import-duty on silver would be advantageous as an auxiliary, inasmuch as it would tend to equalize the local value of coined and uncoined silver and thus to restore the old value (Re. 1 per tola) of the people's silver ornaments on which they are accustomed to borrow. This seems worthy of consideration. It would apparently injure nobody and would increase the store of value in the hands of the poorer classes. In regard to the great army of the field-labourers, why should the Government as the great landlord not allot some small interest in the lands of their villages to these rural labourers? Emigration from congested districts to sparsely populated tracts should be encouraged in every way. No effort should be spared to foster local manufacturing industries—if need be, even by protective duties—and thereby divert some of the overcrowded agricultural population to industrial pursuits. In connection with, and auxiliary to, this, perfect freedom of competition with the mother country should be permitted to local manufacturers in the supply of stores and machinery for public purposes. Finally and specially, as regards the great labouring masses unconnected with the land—is it unreasonable to suggest that employers should be required to contribute to an insurance fund against famine and distress? A very infinitesimal sum subscribed monthly by each employer would not be felt by the employers, and after a few years the fund would be sufficient at least to prevent acute misery and mortality.

"These few suggestions are offered with great diffidence and only because of the great sympathy which I have with the people. However—after all—the important matter is to have a great problem like this clearly stated and to let the whole truth be known. Once the conditions of the problem are stated, the way for a solution, is at least in some measure cleared."

The Hon'ble MR. IBBETSON said:—"My Lord, I think that the Government of India may fairly congratulate themselves upon the manner in which their Budget proposals have been received; and since I had no share in framing them, I may perhaps be allowed to add my voice to the general chorus of approval.

" I suppose that the problem of how best to dispose of a surplus is almost as difficult a one as that of how best to meet a deficit, and not even the wisest decision can expect to please every one, or wholly to escape criticism. It will be the business of my Hon'ble friend the Finance Member to defend his solution of the problem from the criticisms to which we have just been listening, and I am not rash enough to attempt to relieve him of any portion of the task. But I should like, with Your Lordship's permission, to make a few remarks upon the policy which the Government of India have followed, from the point of view, not of a member of that Government (which I was not when that policy was under discussion), but of a late Head of an Administration. I was for eighteen months Chief Commissioner of a Province which had just shaken off the grip of one famine, and upon which the shadow of another was already resting. The Provincial finances were hopelessly bankrupt, and we were living on the charity of the Supreme Government. Under such circumstances, the merest financial honesty compelled me to scrutinise most jealously every item of expenditure, and ruthlessly to cut out everything that it was in any way possible to postpone or avoid. Schools went without grants which they had had every reason to count upon, roads without bridges which were needed to make them useful, hospitals without appliances which were urgently required, police without accommodation which had long been promised them. Reforms, the urgent need for which had long been recognized, were of necessity postponed, and the whole natural and normal development of the Province, so far as it depended upon Government help, was at a standstill. I do not think that anybody who has not been the Head of an Administration can realise what an ungrateful task it is to rule a province under such conditions, how much way is lost that it may take years to recover, by a penuriousness which is for the time unavoidable, how often additional expenditure is in the long run imposed upon the Local Government by its inability to meet the pressing needs of the moment. I am absolutely at one with those who decided that the very first use to which the surplus must be put, since it had followed upon no new taxation, while starvation of expenditure had certainly contributed to it, was in some degree to recover the headway that had been lost during these late disastrous years; and that, till that had been done, no material permanent reduction of taxation should be contemplated. I gather that something like two millions sterling has been devoted to this purpose, of which about three-quarters of a million are specific grants to Local Governments.

" At the same time, another three-quarters of a million has been devoted to direct remissions of Government demand. The pândhri-tax in the Central Provinces is a small matter—only R70,000 a year in all. But the people who pay it are small men—so small that they pass through the meshes of the income-tax collector's net. The tax has long been an anachronism, a survival from bygone days, which has been retained, only because the needs of the Provincial Government were so great that it could not afford to relinquish any source of revenue. Its final disappearance will be hailed with delight, alike by those who collected and by those who paid it.

" But to my mind the one great feature of the present Budget which, above all others, lends it distinction, is the remission of all outstanding famine arrears, amounting to $1\frac{1}{2}$ millions sterling or two crores of rupees; and I think that what we have heard this morning shows that it is not to me only that this feature appeals most strongly. The remissions permanently diminish no source of revenue; their precise effect upon the finances is known exactly; above all, they give relief where relief is most needed. There is no conceivable reduction or abolition of a general tax which would not have given relief, at the expense of the public purse, to many who needed none; whereas, of these remissions, every anna goes straight to those who suffered most sorely in the late grievous famines, and who are most sorely in need of assistance. I believe that the money could have been spent in no wiser, in no more beneficent—in the long run, I would almost say, in no more productive manner. My Lord, again I venture to speak as one who knows. When last I had the honour of addressing this Council in connection with a Budget Statement, I alluded to the difficult and anxious nature of the task of nursing through its

period of convalescence a province which had endured such calamities as had then afflicted the Central Provinces. And one of my very greatest difficulties was the dealing with the famine arrears. The task now before the present Chief Commissioner is still more difficult and still more anxious, inasmuch as a second famine has followed close upon the first, and what is true of him is true of other Local Governments, and especially of Bombay, parts of which have suffered even more grievously than the Central Provinces, and to which by far the largest portion of the relief afforded has rightly been given. I know how greatly their labours will be simplified and their hands strengthened, now that the Government of India have, with a wise generosity, wiped the famine slate of India clean.

"It is true that a portion, and perhaps a considerable portion, of the arrears thus remitted were practically irrecoverable, and must in the end have been relinquished. But the remission of irrecoverable balances brings relief, no less than the remission of those that are recoverable, for no man can say with certainty under which category his own debt will be held to fall. It must be remembered also that the amount of relief actually given greatly exceeds the amount of revenue remitted. In all those provinces in which the zamindari tenure obtains, remission of Government revenue on account of the failure of crops carries with it, by law, a corresponding remission of the rent upon which that revenue is assessed. And I may add, for the information of the Hon'ble Mr. Smeaton, that suspension of revenue also carries with it suspension of rent, and that the larger portion (I think almost the whole) of these arrears consists of suspended revenue. By the time that the relief which has now been given by a stroke of the pen reaches its ultimate recipients, who include some of the most manly and most industrious classes among the peoples of India, its volume will have swollen to at least three crores. It will reach them in tens and twenties and fifties of rupees; and when the news has had time to penetrate to them, there will be tens of thousands of humble homes in India whose inmates will sleep with lighter hearts.

"The distribution of the remissions has been criticized, and it has been hinted that the Punjab has received more and the United Provinces less than a fair share of relief. As regards the United Provinces, we have remitted the whole of the land-revenue outstandings, and could not well do more; while in the Punjab remission has been confined to those arrears which had actually accrued in famine-stricken districts. It must be remembered also that in the Punjab it is the rule to suspend only in the first instance, and that remissions are hardly ever given at once, so that a considerable portion of the arrears now remitted in the Punjab simply corresponds with what has been remitted in previous years in other provinces. Still, the figures do, on the face of them, appear to lend some force to the criticism, and if our resources had permitted only of partial remission, the Punjab might possibly have received a smaller share of the total relief. But we were in a position to wipe the slate clear—to give a fresh start, free from balances, to all the famine-stricken tracts of British India; and the occasion was one, if ever there was one, for generosity unmarred by too nice a discrimination.

"With reference to what fell from the Hon'ble Mr. Hardy regarding arrears of takávi, I am not quite sure whether he would have had us remit them as well as revenue, or instead of revenue. If the former, my answer is that there is a limit to our means. If the latter, there are, I think, very excellent reasons for preferring revenue. The Government of India fully recognize the fact that in some districts the burden of takávi debt is heavy, and that some portion of it will, no doubt, be found to be irrecoverable, where the people have bought at famine prices seed which failed to fructify, or have used the advances for the support of themselves and their families. That they do recognize this is shown by the fact that they have already sanctioned the writing off of some 22 lakhs of takávi arrears as irrecoverable, and that next year's Budget includes a provision of 20 lakhs more under the same head. But the distribution of takávi is largely adventitious, while that of the revenue is comparatively uniform, and arrears of the latter form a far better index to the need for relief than do arrears of the former. A very large portion of the takávi outstandings simply represents money which is not yet due, and which will be repaid without the slightest difficulty; and it was our desire to avoid discrimination. Finally, it requires strong and excep-

tional grounds, to be established by careful inquiry, in order to justify the remission of money which has been borrowed, and of which the borrower has enjoyed the advantage; whereas the remission of a demand based upon our share in the produce of land which has failed to produce anything, is a recognized and legitimate practice. The question as between the Imperial and Provincial Governments, I must leave to my Hon'ble colleague in the Financial Department.

"When addressing this Council in 1900, I expressed my satisfaction at the increase then made in the annual grant for new irrigation works, 'not only as a provision of immediate funds, but also as an indication of future policy,' and the present Budget exhibits a still further advance on the same lines. But a far stronger and more unmistakeable indication of the great importance which the Government of India attach to this subject, and of their determination to adopt a liberal policy for the future in the matter of the extension of irrigation, is to be found in the constitution of an Irrigation Commission, under a distinguished President of European renown, of which I had till a few weeks ago the honour to be a member. I cannot pretend to foretell what the recommendations of that Commission will be. But I shall be surprised if they do not result in the expenditure, on definite and systematic lines, of much larger amounts than hitherto upon irrigation works, protective as well as productive. I hope also that they will provide us with a final and conclusive answer to those who tell us that because, taking one year with another, the rain that falls in India is sufficient for agricultural purposes, therefore it is possible, and our duty, so to store and utilize the surplus as to render failure of crops impossible. That very much more can be done than has been done is a common-place; that it is our duty to do very much more, and that without delay, is my conviction; but that it is even physically possible,—and still less is it possible by any expenditure of money which a sane Government could contemplate,—to secure the whole, or anything like the whole, of India against famine, I hold to be a delusion of the deepest dye.

"This is not the occasion, nor indeed would it be my business, to discuss at any length the much-disputed question alluded to by the Hon'ble Mr. Gokhale, whether in the past railways or irrigation should have had the first claim upon our finances. For my own part, I am clearly of opinion that the Government of India were right in giving in the first instance the foremost place to railways, even if regarded solely as protective measures. It is often said, as the Hon'ble Rai Sri Rám Bahádur has remarked, that their effect has been to substitute money famines for food famines. Even if it were so, surely the change is for the better; for it is easier to pour money than food into a famine-stricken district. But I do not think that the case is correctly stated. What railways have done is, to turn famines which were of food and money both, into famines which are of money only; and in doing so they have profoundly modified and made more simple the whole problem of protective irrigation. But be this as it may, I think that it is now the turn of irrigation works; and above all, of small works, as regards which I heartily agree with the Hon'ble Mr. Ananda Charlu that so far they have not received the attention which they merit, and that it is hardly possible to exaggerate their aggregate importance. I may explain to the Hon'ble Rai Sri Rám Bahádur, with reference to what he has said about the United Provinces receiving no share in the grant of 25 lakhs for Minor Works, that 18 out of the 25 remain at present undistributed, pending advice as to their distribution which has been asked for from the Irrigation Commission.

"I am entirely in accord with what the Hon'ble Rai Bahádur has said regarding the great importance of improving, by all the methods that science can suggest, the agricultural practice of the country. In March 1900, I promised the Hon'ble the Mahárájá of Darbhanga that as soon as the finances of the country improved, and as soon as a suitable Inspector General of Agriculture had been found, the subject of agricultural investigation, experiment, and education should be taken up in earnest. These two conditions have now been fulfilled, and I hope shortly to see substantial progress made. The sympathetic manner in which my Hon'ble friend Sir Edward Law has alluded to the subject encourages

me greatly to believe that, when I approach him in the matter of funds, I shall not find him obdurate. The Indian Government is the owner of the largest landed estate in the world; and I, personally, think it is a fair subject of reproach that it has done so little in the past for its scientific improvement.

"I do not propose, at the present moment, to discuss the references which have been made by the Hon'ble Mr. Bose, the Hon'ble Rai Sri Rám Bahádur, the Hon'ble Mr. Gokhale, the Hon'ble Mr. Smeaton and others, to what I may be permitted to call (since I had no share in framing it) the masterly Resolution which has recently issued in exposition of the Land Revenue policy of the Indian Government. It will be enough for the present to assure my Hon'ble friends that it will be one of my first duties to examine the promises held out and the lines of policy laid down in that Resolution, and to consider in what direction present action is required to give effect to them.

"I hail with satisfaction the admission of the Hon'ble Mr. Pugh that, taking India as a whole, the income derived from the administration of justice is not more than sufficient to form a safe provision for the expenditure. I hope that the assertion that the Government are really deriving an enormous revenue from its Courts of Justice, which has been so often made, so often examined, and so often shown to be incorrect, has now been finally abandoned. But I am unable to accept his suggestion that each province of the empire should be treated for this purpose as a self-contained and independent unit. That would mean that, as among the several provinces, the smaller the estates, the less valuable the land, and the less wealthy the proprietors, and therefore the less able to pay for expensive justice, the higher must be the *ad valorem* fees which they would pay.

"As regards the particular complaints which he preferred, I understand that he attributes the existence of the defects which he alleges to the supposed parsimonious treatment of the Local Government and the High Court by the Government of India. The appeal is to my Hon'ble colleague, and I may leave it to him to deal with.

"I am sure that the Hon'ble Mr. Gokhale will not expect me to comment with any fulness upon his long and suggestive speech so far as it relates to matters under my charge. It is impossible to discuss allegations or arguments which are supported by elaborate statistics, without an examination of the figures, and for that, of course, there has been no opportunity. That during the past decade a very large part of India has suffered grievously from the unfavourable nature of the seasons, nobody will for a moment deny. But that is the only one of his conclusions which I am able to accept without further examination, while many of them I hold to be absolutely incorrect, at any rate in the sweeping form in which he enunciates them. He proposes an inquiry into 'the conditions of a few typical villages.' But who is to decide what villages are typical? Do villages indeed exist which can safely be assumed to be typical? I can imagine nothing more misleading, nothing more dangerous than an inquiry of this nature, conducted with the avowed intention of arguing from the minute particular to the enormous general—of basing a huge pyramid of conclusions upon the slenderest apex of facts. I have already touched upon the subjects of irrigation and of the improvement of agriculture, to both of which he rightly attaches such great importance.

"The Hon'ble Mr. Gokhale presents us with statistics, and asks us to conclude from them that the Indian peasant *must* have grown poorer during the past fifty years. The Hon'ble Saiyid Husen Bilgrámi tells us from his personal observation, that he is, as a fact, better off. I confess that in such a matter I attach greater weight to personal experience than to *à priori* reasoning. And my Hon'ble friend's testimony will carry special weight, as based upon an intimacy of knowledge to which no one who is not a native of the country can pretend. At the same time, I have spent twenty years of my service in India in work which has brought me into intimate daily contact with the people, and I also have formed a very definite opinion as to their condition.

"We have heard a great deal of late about the poverty of India, about its impoverishment under British rule, and about the reduction of the average income within the last fifty years. And some of the remarks which have

fallen from Hon'ble Members during the present discussion have seemed to endorse what we have heard and read elsewhere. As for the diminution of average income, the best and shortest answer that I have seen to the assertion has been given by the *Hindu Patriot*. It is briefly, that the assertion is sheer nonsense, and opposed to common knowledge. As the *Patriot* observes, 'the day labourer who used to get only one anna a day now receives more than two annas.' There is not a Member of this Council who cannot of his own personal knowledge confirm the statement.

"But, as the *Patriot* very truly remarks, increased wages do not necessarily mean increased comfort, and the charge of impoverishment remains to be dealt with. In the great cities, there is, no doubt, poverty amounting to destitution, as in all the great cities of the world. In the villages and small towns the labouring classes are poor enough in all conscience; more especially in backward or unprogressive tracts, where no development of industries or of communications has brought assistance to the labour-market; and most of all in purely agricultural areas, where the change to which the Hon'ble Saiyid Husen has alluded, that is slowly taking place under the solvent influences of occidental ideas and institutions, has substituted cash payments for work actually done, for the old customary payments in grain. But if their incomes are small, their needs are small also. The margin between the two is narrow; and when prices rise, as they do rise in years of stress, there is no doubt that the pinch of hunger is widely and severely felt. But, so far as my knowledge and experience carry me, there is in ordinary seasons *far* less of that carking grinding poverty, that uncertainty of how the day's food is to be provided, that certainty that on some days it will not be forthcoming at all, which eats into the heart of man—there is far less actual destitution than there is in wealthy England, the only country with which I am able to make a comparison. The fact is partly due, no doubt, to that practice of universal charity which is in its details so small as almost to escape observation, but as a whole so splendid as to constitute, in my eyes at least, the chief glory of the Indian people.

"We are told that India is being slowly bled to death, that its agriculture, its commerce, and its industries are ruthlessly exploited for the benefit of England, that the British rule has been one long continuous process of impoverishment, under which the old prosperity of the peasantry has steadily decayed till they stand tottering on the brink of famine, and that even in the best of years many of them hardly escape starvation. My Lord; I am not so rash as to predicate anything of India as a whole. I dare not frame an estimate for a whole nation. But I should like to send those who believe this thing (for I recognise that some, though not all, of those who say it do sincerely believe it)—I should like to send them to a district in the Punjab where I spent eight years in the beginning of my service, which I settled, which I knew by heart, and which I revisited only ten years ago: a district only fifty miles from Delhi, which, while it is traversed by a great canal and includes some of the finest well cultivation in the province, includes also great jungle areas where the people live chiefly upon the produce of their herds, and wide plains where the crops of industrious cultivators are dependent upon the uncertain rains of Heaven. I should like them to tell the people of that district what they tell us, and to ask them whether they agree. There are men there who have heard from their fathers—or perhaps I should now say, from their grand-fathers—and who would tell them, as they were never tired of telling me, of the state of affairs which preceded our advent. I will not weary the Council by any attempt to describe that state of affairs in detail. Suffice it to say that in the early years of the last century, when we took over the district, the royal canal had long dried up, that more than four-fifths of the area was over-run by thick forest which afforded shelter to thieves, vagabonds, and beasts of prey, and its inhabitants either removed or exterminated, and that out of 221 villages in a single *pargana*, the people of no fewer than 178 had been wholly driven from their homes and fields.

"I believe the history of our early administration of that district to be typical. It would have been impossible to 'impoverish' what had already been laid desolate. But at first we made many and grievous blunders. We misunderstood the local tenures; our assessments, founded upon the rates which we inherited

from our predecessors, were oppressive; and our police and criminal administration was stern and rude, though perhaps not more so than the unsettled state of the district demanded. But the mistakes did not long remain undiscovered or unrectified. The country gradually settled down in the early thirties, a rough survey afforded a basis for a more reasonable revenue system, and from that time to the present, or at any rate up till 1892 when I last saw it, the history of the district has been one of continuous advance in prosperity. In 1871 when I first went there, its condition was that of an ordinary fairly prosperous British district, though it included tracts which had suffered from the too prodigal use of canal water. When I revisited it in 1892, the change for the better that had taken place in the interval was marvellous. The canal had been realigned at great expense so as to extend and improve irrigation; the supply of water had been rigorously limited to what was needed, rather than to what was asked for; the swamps had been drained, so that I found waving sheets of wheat where I had been accustomed to shoot snipe; the saline efflorescence which had thrown hundreds of acres out of cultivation was slowly but steadily disappearing; villages which I had been obliged to assess with extraordinary leniency on account of their water-logged and depressed condition had become prosperous, and their people were no longer unable to marry their daughters because they were barren with malaria; new branches of the canal had been carried through arid tracts of which the produce had been notoriously insecure; and a railway had been constructed right through the heart of the district. I either marched through or saw people from, not merely the canal tract, but every part of the district, including the driest and the most precarious. They had their grumbles and their grievances, without which no properly constituted husbandman is complete; but their general story was one of increasing contentment and prosperity. Nor was outward evidence lacking. It was impossible to ride across the old familiar fields and through the well-known villages without realizing the progress that had been made. To mention three small but significant facts: brick houses, which had formerly been confined to the *sáhu-kár* of the village, had become much more common; small factories for ginning and baling cotton had sprung up all through the cotton-producing tract; and when I wished to show my daughters one of the picturesque old-fashioned cane-presses to which I had been accustomed, I was told that, except in two villages, they had been superseded throughout the district by the iron mill invented by Mr. Milne of Behea. I know this, that if any one were to tell these people whom I know so well that their history under British rule has been one of continuous deterioration and impoverishment, they would simply laugh in his face. I have chosen to speak of this particular district, because I know it as I have never known any other, and because I visited it again after an interval of fifteen years. But I have served in many other districts of the Punjab; and from all that I have seen and heard, I believe that what I have said of this district is in the main true of all.

"The Hon'ble Rai Sri Rám Bahádur has told us that it is not the case that the Indian agriculturist generally wastes his money in festivals, since he can scarcely lay by any thing. Ah! If he only spent what he had laid by, there would be little to complain of. It is that 'reckless *borrowing* money far beyond their means, to spend on ceremonies,' of which the Hon'ble Saiyid Husen Bilgrámi speaks, that is the origin of so much indebtedness and misery. And what my Hon'ble friend has said on the subject encourages me to make an appeal to him—to him, and to all other leaders of native opinion whom my words may reach. He has told us of the good that might be done by 'a few men of light and leading' if they would only 'make an organised effort in rural districts to persuade the cultivating classes to adopt more moderate expenditure at births, marriages, affiances, and other ceremonies.' Will not he act, and will not others act, upon his suggestion? The movement cannot come from Government. To give it an official character would be to damn it from its birth. All Government can do is to assist it with sympathy and encouragement and support. The movement must come from the people, if it is to have any chance of success; and since the masses cannot and will not move, it must come from the natural leaders of the people. There are men seated round this table, there are men scattered all over India, who combine that influence and

authority over their fellows which hereditary position or personal talents have given them, with the education and enlightenment that would enable them to grasp the problem and to work out a method of solution. Will none of them move to help their brothers? It is not a matter of religion, or a matter of caste; it is an evil social custom which is eating into the substance of the people, and which I would fain see men of all castes and of all religions join together to combat. If they should succeed, they would do more to strengthen the yeomanry and peasantry of India, and to render them better able to resist famine, than would any reduction of assessment or any remission of taxation. During the past twenty years I have seen a steady growth of public opinion in the matter; and I believe that the time is fast ripening, if it is not already ripe, and that in some parts of India at any rate, the people are ready to follow if they can only find some one to lead.

"I cannot conclude without saying a word of cordial thanks, which I have been too busy to convey by letter, to those Hon'ble Members who have, in kind compliance with my suggestion, provided me with copies in advance of the remarks which they were about to make today. By doing so they have greatly lightened my task in replying, and have rendered it possible for me to do fuller justice to their views than I otherwise could have done."

The Hon'ble MR. ARUNDEL said:—"My Lord, I should like to say a few words with reference to the Hon'ble the Maharaja of Durbhunga's comments on railway matters.

"India's incubus is said to be looked for in the heavy railway rates, in the absence of competition among various railways, and in the want of feeder lines.

"Railway charges for the carriage of passengers and goods are lower in India than in almost any other country, except as regards certain special long distance traffic in America. It must be remembered—and this applies also to the Hon'ble Mr. Turner's comment—that Railway Companies do just what Steamer Companies do; they sell their freight in the best market, and will reduce down to a mere fraction above the actual cost of working, if that is necessary to secure business. Unrestricted competition would not be a panacea. It might reduce rates for a time for traffic from certain competitive points, but a railway losing on such traffic would raise the rates at intermediate places, and short distance traffic would be penalized.

"With respect to the feeder lines, it is almost always a question of some guarantee of interest that blocks the way. I am glad to say that in a few cases local boards have been able to guarantee the interest for feeder lines in which they are interested, and I hope their example may in time be followed elsewhere.

"My Hon'ble friend urges that a main line should not have power to block branch line schemes on the mere selfish ground that they intrude on its monopoly of traffic. But if the branch be a mere short-circuit, or what may be called 'a robber line,' which will make its profits by drawing off traffic from the main line without developing new traffic of its own, what would a Railway Company say if it saw its profits diverted by such a method? What hope is there that the capitalists so conspicuous by their absence would come forward to construct any line with such a prospect before them? The Hon'ble Member laments the absence of great capitalists and would be prepared to induce them to come even if a few lines did not pay and even if some 'had to be wound up.' I fear that even if I had the hardihood to face such a result, my Hon'ble colleague the Financial Member would be deaf to my persuasions.

"If we have not had the great financiers of whom my Hon'ble friend speaks, we have had a greater in the Government of India, who have already built 2,500 miles of railway, and thus accomplished more than any other agency could have effected.

"The Hon'ble Member urges that Government should withdraw from the active promotion of railways in India; but I fear if the Government were to do so, no new lines would ever be constructed except short-circuiting 'robber' lines.

"I find it difficult to meet my Hon'ble friend's comments on the grant of guarantees of interest on capital expended on railways, for while he says 'there are many instances where a Government guarantee is necessary,' and that 'a more generous policy might be adopted and Government guarantees more freely and liberally given in order to attract capital,' he also urges that 'the duty of Government . . . lies . . . in the direction of inducing, by every means in its power, capitalists to construct railway lines without coming under a guarantee of interest.'

"It will, I fear, in most cases still be necessary, when railways are not constructed by the State, to afford some kind of guarantee to capitalists who desire to invest in railway undertakings.

"With regard to the particular case mentioned by my Hon'ble friend, a special form of guarantee was asked for by the Bengal and North-Western Railway to enable them to raise the capital and construct the line outside the programme of the Government of India, and this involved negotiations which have only recently reached a conclusion."

The Hon'ble Major-General SIR EDMOND ELLES said:—"My Lord, my Hon'ble Colleague Rai Bahadur P. Ananda Charlu has at considerable length, and in somewhat circuitous language, brought forward what is practically a demand for the reduction of the army. I detect in his request somewhat of that vein of naive humour which he attributes to others, not unmixed with the accents of despair at the prospect of ever realising his ideal. I do not propose, my Lord, to enter at length into the dangers, real or imaginary, hovering round the frontiers nor into the obligations which we, no less than other dependencies, owe to the Empire. I would only say that, in our opinion, the army of India, European and Native, is not in any way in excess of its requirements: some consider it all too small. Because we have been able to spare a certain number of troops to aid in the struggle for supremacy in South Africa, which we hope soon to see ended, it by no means follows that our army is too large for the maintenance of internal peace and of peace on our border. The policy of the Government is to maintain not only a sufficient but an efficient army, and that policy, I submit, should be maintained; it will be an evil day for India when it is departed from.

"I trust that, to quote my Hon'ble Colleague, although the Government are not 'indifferent to military expenditure, they will ever prove obstreperous and persistent' in opposing any reduction of the army; which, with our increasing responsibilities, is all too small for the work which it has to perform. Under recent arrangements, the burden of wars in which India has no direct interest, will be borne by the Imperial Exchequer; this has been the case both in South Africa and in China, and has effected a large reduction during the past two years in military expenditure.

"I can hold out no hopes to my Hon'ble Colleague, and should oppose with such force as I could any proposals to effect his object.

"With reference to similar demands from the Hon'ble Mr. Gokhale and the Hon'ble Rai Sri Ram Bahadur, I would only add that, if the former by his eloquence can induce the Chancellor of the Exchequer to accept part of the charge for the upkeep of the army in India, he will earn the gratitude of Government and render the solution of that intricate problem known as Indian finance a much simpler one for my Hon'ble Financial Colleague."

His Honour THE LIEUTENANT-GOVERNOR said:—"At this hour of the afternoon, I must be brief in my remarks on this very notable Budget. And first I should like to say that the Finance Member struck the right note in congratulating, not the Government, but India, on the overflowing exchequer, of which she finds herself in possession today. It was in the air that there was to be a remarkable surplus, but none who did not study the Treasury balances could have quite realized what that surplus would turn out to be. Nearly one-half of the increase that has made this surplus is from railway earnings, and the whole Council will join the Finance Member in his satisfaction at an increase of this kind which certainly has been recovered without pressure on the poor. The next largest item is at the Customs-houses, and again it can be said that

no man has bought English cloth or foreign sugar, who has not been well able to pay for it. There was a small recovery of suspended revenue for which each province will make its own justification, but the generous remission of two crores of outstanding revenue, announced in this Budget, is evidence that in no Province has there been pressure on the Local Governments, or through them on the people, to realize arrears, when there was the smallest hesitation about the propriety of the demand. I think that among reasonable people there will be a consensus of opinion that the administration of India has been carried on, in the year that is closing, with circumspection and a generous consideration for the difficulties of the poor.

"But further the impression is strong that the finances of India are approaching a stability which has long been unknown. Exchange has steadied, and the violent fluctuations which defied the financier's calculations have ceased. At the same time a new source of income has come into play which is destined to give not merely growing help but growing firmness to the estimates of Government. As Mr. Arundel has pointed out, the railways have for three years yielded a net profit, considerable in amount and increasing year by year, large in unfavourable seasons and larger still in favourable ones. In no country in the world is the saying so true, as it is in India, that it is the unexpected that happens; but when one examines the details of income during the last three years, one is led strongly to the belief that we stand on the threshold of a period of steadier income than we have done for a generation.

"The question then naturally rises, as it has been raised in repeated speeches today, whether, with an income easily raised, and tolerably assured, there should not be a reduction of taxation. If there is so large and so easy a surplus in a year when the country is only recovering from an unparalleled series of bad harvests, the surplus should be bigger hereafter, and the taxpayer should be relieved of dues which are not needed for the ordinary charges of administration. My Lord, in my judgment, as in Mr. Ibbetson's, the decision of the Government of India was right. During the long period of the lean years the Local Governments have been starved. The most imperative improvements have been impossible—improvements which are the duty of a civilized Government, and which, in very truth, mean the comfort and well-being and progress of the people themselves. If the taxation, which yields the income, is not oppressive, it is in the true interests of the people themselves that the opportunity should be taken for beginning those improvements.

"Let me illustrate from this Province of Bengal. There are many pressing directions of improvement, among which the extension of primary education in the just foresight of Your Excellency's Government ranks high. But there is another, in which the voice of the people is unmistakeable. The first and commanding requirement is the reform of the police. The police bear sorely on the people. They harass them. Police exactions, police apathy, police inefficiency are the universal complaint. The case is a matter of money. If the police take tithes for doing their duty, it is because they are underpaid. If they are apathetic, it is because they have no prospects. The kernel of the recommendations of every Police Commission is money. With money you will get honesty. With money you will get efficiency. Money, which is the root of all evil, is in these matters the foundation of all good. If and when the funds can be spared, the reform of the police is of the first importance to the comfort of the people and the credit of the State. The recommendations of my Government in this matter are before Your Excellency, and we know that in that systematic review of the requirements of India, which Your Excellency has undertaken, these recommendations will shortly come up for decision. And so, when the question rises, whether reform shall be postponed or taxation lightened, I believe it to be in the true interests of the people that the decision at this stage should be to carry out the reforms so long delayed.

"My Lord, I have to thank your Government for the liberality with which you have treated Bengal. I trust that, with the handsome allotments you have made to it for education and police, we shall be able to make substantial advance. The issues that were broadly settled at the Educational Conference

have raised some difficult questions. The introduction, for example, of a new principle for grants-in-aid to elementary schools will demand a very careful examination of the methods by which it can be most economically and efficiently applied. But I welcome a change which is obviously right, and the examination I have spoken of has been already instituted.

"In the construction of new railways this Province has an abundant share. The construction of the Grand Chord to Katras is an assurance of the early completion of a great design, which with the linkings at the Jherria collieries, will give an invaluable addition to the traffic facilities of Calcutta. The Midnapore connection of the Bengal-Nagpore Railway and the Murshidabad line will open up rich tracts of country, and I am pleased to think that the bridging of the Pabna at Sara Ghat or Godagiri is now within the range of practical politics. I do not need to say that I warmly endorse the decision of Your Excellency's Government to make the main railway station for Calcutta on the Calcutta side of the river. I trust that means may be found of enlisting more largely the assistance of private capital in the construction of supplementary lines. The Howrah and Ranaghat lines have set an excellent example, which, I believe, will be largely followed if opportunity be given. The short Act which was passed the other day is an earnest of the willingness of the Government of India to assist, but I venture to suggest for that consideration, which my Hon'ble friend at the head of the Public Works Department always so courteously gives, that the question requires further enquiry and decision than it has received of the claims of the Railway Companies to exclude private capital from the construction of tramways that are not robber-lines within their sphere. It is not in the public interest that a railway should succeed in preventing the construction by others of feeder lines, which it cannot or will not construct itself.

"On the subject of municipal improvements in Calcutta, to which two Hon'ble Members have referred, I understand that the Finance Member will inform them of the position in which this long and intricate correspondence stands.

"I listened with interest to the remarks of Sir Edward Law on the industries of the Province. I too hope that by united and vigorous effort the indigo concerns may succeed in making a good fight against their formidable opponents. The researches on which they have been engaged during the last year, in order to improve the outturn of plant and of dye, have been conducted with intelligence and earnestness, and now that the community has been roused to a sense of their danger, they are developing alternative systems of agriculture, which promise to be of permanent benefit to the country.

"The coal-industry needs no re-assurance. The cautious doubt whether it does not spread too fast.

"I wish I could be as hopeful as my Hon'ble friend of the prospects of Agricultural Banks. I believe they will succeed. The situation in India corresponds with curious closeness to that which Raiffeisen tackled in Germany, and the Indian peasantry are not only honourable in their obligations, but accustomed to ideas of co-operation. But all the experience we have yet had indicates that the progress of these Banks will be, as in Germany, very slow; that there will at first be many failures with which we must not be discouraged; and that, although there will be successes, the example of which will spread, the day is, alas, not yet near, in which the Banks will materially affect the condition of the rural population.

"There remains to me, my Lord, but one remark. To a Provincial Government, looking anxiously ahead to the settlement of its contract, on which all provincial schemes must depend, no assurance could have been more satisfactory than the intimation by the Finance Minister that in future the assignments of revenue to Local Governments would include a proportion of growing revenues, calculated with a view to allowing for a natural growth in expenditure being met by expanding revenue. This was the suggestion made by this Government a couple of years ago, and I am pleased to find that it has been accepted, for, I think, it affords a basis of adjustment without the friction

which, as the Hon'ble Member admits, has invariably attended the process in the past. It is quite right that the scramble which attended the quinquennial settlement should be abated, and it is desirable that there should be a principle and an understanding to guide the decision of these settlements. It was the absence of any recognition of growing needs that led to much of the jealousies and polemics of the past. Then there arose the fear that provincial accumulations, stored for any purpose however beneficent, were not safe from the eagle eyes of the Indian Chancellor, and foresight and prudence were at once disconcerted. But I can assure the Hon'ble Member that Local Governments are reasonable and loyal. They recognize that there are times when provincial schemes must give way to Imperial needs. So long as they are assured that they will in turn be treated with fairness and consideration when times improve, they submit loyally to the inevitable, and I have welcomed the Finance Minister's statement, because it is the first intimation we have had of a plan which gives Local Governments this confidence."

The Hon'ble SIR EDWARD LAW said :—" I will endeavour to reply to some of the observations which have been made by my Hon'ble Colleagues in the course of this discussion. My Hon'ble Colleague Mr. Turner suggests that we should remit the income-tax, on incomes below Rs. 1,200 per annum. The suggestion is not unnatural, and will certainly be borne in mind; but, as I explained in my Budget Statement, the Government of India consider, for reasons which I gave, that it is, today, somewhat premature to take any definite steps for the direct remission of taxation.

" In now remitting arrears of land-revenue, to the amount of nearly two crores of rupees, we have alleviated burdens, without any permanent sacrifice of revenue, and, if later on, we are fortunate enough to witness a continuance of that financial prosperity which has marked the years 1900-1901 and 1901-1902, the question of the possibility of the remission of taxation will be most carefully considered. It must, however, be borne in mind that we are committed to freer expenditure, than in the past, under such heads as Education, Sanitation, Justice, Public Works, and Administration, and funds must be found to meet these demands. I can therefore only say, now, that the question raised by my Hon'ble Friend will receive the most sympathetic consideration, should circumstances permit.

" The remarks which I have just made, may be taken as applying, generally, to the suggestion made by the Hon'ble Syed Hussein Bilgrami, that we should reduce the salt-tax. I may further point out to my Hon'ble Friend that a reduction in the salt-tax of—

4 annas per maund would entail a loss of	89 lakhs of revenue.	
8 "	" "	178 "
12 "	" "	267 "
16 "	" "	356 "

" And it is universally admitted that a very small reduction would be of no avail to the consumer whom we should be glad to relieve. I am disposed to ask my Hon'ble Friend whether he has carefully considered the figures which I have now put before him?

" I turn to the suggestion of naming fixed maximum and minimum rates for Council Bills.

" I admit that there is much that is reasonable in my Hon'ble Colleague's proposal, but, as a matter of principle, I am not in favour of such absolute rules of procedure. That which grows naturally, is, as a rule, better and more solid than that which is suddenly established by legislation or official declaration. And this is, I think, especially the case in financial matters.

" I have already explained that I see no harm, but rather an advantage, in admitting imports of gold, within such limits as do not interfere with our arrangements for cashing currency notes, and the readiness of the Secretary of State to sell Bills in excess of the requirements of Government has afforded a practical proof that we are not unmindful of the considerations which my Hon'ble Friend has advanced.

"With regard to the proposal that Government should make grants-in-aid to Calcutta municipal finances, my Hon'ble Colleague in the Home Department, not having had the time to study all the papers connected with the question, has asked me to reply.

"I must observe that this is by no means a one sided question. Our accounts show very heavy Imperial expenditure on Government establishments throughout the year, in Calcutta, and these disbursements, by which the City profits, are of course largely increased in the winter months. No other Indian City enjoys such exceptional advantages.

"I may, nevertheless, add that the question of facilitating desirable improvements in this City, is still under the consideration of the Government of India.

"With regard to countervailing duties on imports of bounty-fed sugar, I stated in my Budget Statement that Government were fully aware that these foreign sugars profit, in many cases, by indirect bounties which the present law on the matter does not admit of our countervailing. We have the whole question now under consideration and we fully understand its importance, but, until we shall have had the opportunity of carefully examining the decisions of the Brussels Conference, we cannot say what steps it may be advisable to take.

"My Hon'ble Colleague questions our budget estimate of 24 lakhs for returns from countervailing duties on sugar, during the coming year, as inconsistent with the receipt of some 37½ lakhs during the year 1901-1902. I may, however, point out that, if the Foreign Governments reduce or abolish their direct bounties, as I understand they are about to do, we shall, under the existing law, have to reduce our countervailing duties in proportion, and our receipts will correspondingly diminish. Should we find it advisable to revise our present system, our receipts may, perhaps, not suffer any diminution, but their maintenance will apparently depend on fresh legislation, and we cannot estimate the effect of laws not yet formulated, or even certainly contemplated.

"Finally, in reply to my Hon'ble Colleague's remarks, I may say that the question of measures for establishing a closer connection between the Department of Finance and Commerce and commercial and industrial interests, is now engaging our most serious attention.

"My Hon'ble Colleague the Maharaja of Darbhanga dwells at considerable length on the necessity of feeder lines to our main railways, and the importance of encouraging their construction. The Government of India is, I believe, in full accord with this idea, but there are many difficulties in carrying it into execution, which only become evident to those engaged in endeavouring to secure its fulfilment. I can assure my Hon'ble Friend that we are fully alive to the importance of the question, and that our best efforts are devoted to its practical solution.

"My Hon'ble Colleague also alludes to the question of the countervailing duties on the importation of bounty-fed sugar. I have nothing to add to what I already said on this question in my Budget Statement, and in my reply to the Hon'ble Mr. Turner.

"As regards assistance from the Central Government to Calcutta municipal finances, I have also dealt with this question in replying to the Hon'ble Mr. Turner.

"My Hon'ble Friend asks why capital does not flow from England to India. On that subject I think, I may say, with some confidence, that there are distinct signs that capital is beginning to flow, and we know that it was the question of exchange which was the main factor restraining such inflow of capital up to a very recent date. We now observe that the Exchange Banks—to speak of no other sign—have been drawing much larger sums from Europe than they formerly did.

"The Hon'ble Rai Bahadur B. K. Bose has, in his speech, dealt so exclusively with questions relating to the policy of Land Assessments, that it does not fall within my province to reply to his observations.

"Many points in the speech of my Hon'ble Colleague representing the United Provinces of Agra and Oudh, are outside the province of the Finance Department, but, as regards his remarks on the approaching Provincial Settlement, I would observe, that if the Government of India accept proposals involving

additional expenditure, such as he mentions, in connection with Police and Educational reforms, we shall naturally take the extra cost, of such proposals as may be accepted, into consideration, in arranging the terms of the settlement.

"Another point, to which I must refer, is my Hon'ble Colleague's statement that the Government of India are committed, by their approval, to provincial expenditure amounting to 4 crores per annum. I must say that I am unaware of any such definite committal as my Hon'ble Friend assumes, though I may repeat that where we may sanction extra expenditure, we shall not fail to provide for the corresponding revenue.

"The speech made by the Hon'ble Syed Hussain Bilgrami dealt almost entirely with land, and other questions, which do not come within my province to comment upon, or to reply to. The single point, I think, directly connected with Finance, was that which he raised in connection with the salt-tax, and to that I have already replied.

"With reference to my Hon'ble Colleague Mr. Pugh's remarks on the administration of justice, I am quite prepared to admit that, generally speaking, the administration of justice should not be considered as a source of revenue. If, however, we reflect on the, I believe, admitted fact that litigation is often a sort of pastime in India, there is perhaps less reason for adhering strictly to the general principle in this country than would be morally obligatory in most other countries. In any case, I think, that I may safely say that the Government of India have not so far considered such surplus revenues as may possibly accrue from the administration of justice, as available for general purposes, until need for efficient administration have been fairly met.

"We are constantly increasing our expenditure on justice in accordance with demands made through the local authorities and High Courts, but I cannot say that I am convinced that we always obtain the full value of our money for the sums sanctioned. To obtain such full value, we are in a very great measure dependent upon the efforts of the Judiciary and of the Bar in expediting procedure, and I am not sure that all members of the Bar make the rapid termination of a suit one of their chief aims.

"I may mention that we have under consideration a proposal, costing about a lakh of rupees, for strengthening the High Court of Calcutta, and as regards Mufassal Courts, my Hon'ble Colleague will have observed that we have made a special grant of 32 lakhs for Public Works, and it is probable that the Local Governments, in the exercise of their discretion, will devote a portion of this money to the object which he specially recommends.

"As regards the two propositions that each province should pay for the administration of justice within its own borders, and that any surplus of receipts arising therefrom should be primarily devoted to the administration of justice within that province, I do not think that we should accept them without some qualification. I am inclined to think that, owing to what may be described as a prevailing passion for litigation, there will, in some of the older settled provinces, always be a greater or less surplus of revenue, even after all reasonable requirements for the administration of justice have been satisfied, and, if such revenue accrues, I see no reason why it should not be devoted to the improvement of justice in newer or less favoured provinces. It occurs to me that the Calcutta trader obliged to prosecute a suit in another province would have just cause of complaint, if he found the administration of justice in that province inefficient, and he would not be satisfied by being told that local charges in the particular Province far exceeded the returns realized, and that consequently no improvement costing money was possible.

"We must consider India as a whole in the question of the administration of justice, as in all others.

"It is, moreover, possible that my Hon'ble Friend has an exaggerated idea of the amount of profits derived from justice. The following are the most recent figures showing the situation :

Receipts, Rs. 3,97,84,000. Expenditure, Rs. 3,23,63,000.

"I must point out that the Courts are only a portion of the machinery necessary for the due administration of justice. I think that stationery, rent (or

interest, representing rent) of court-houses, and a portion of the cost of jails and police, might fairly be added to the above figure for expenditure, which I may mention includes nothing for the pensions of retired Judges and officials of the Courts. Also I may inform my Hon'ble Colleague that of court-fees and stamp-receipts, three-quarters are credited to provincial revenues. The Imperial Government, therefore, from these sources, touches only one-quarter of such surplus as may accrue. The direct charges for Law and Justice are defrayed entirely from provincial funds.

"It is not my place to deal with the questions of military policy raised by my Hon'ble Colleague Mr. Ananda Charlu, but I must point out that, in matters of fact, his remarks imply a belief which is absolutely unfounded. He implies, with sufficient clearness, that the despatch of troops from this country to South Africa and China, crippled our resources. It did nothing of the sort. On the contrary, the Imperial Government took upon itself the burden of paying in a liberal spirit, every rupee connected with the cost of, temporarily, sending abroad a portion of that garrison, which those whose special business it is to decide, consider it necessary to maintain, as a rule, in India.

"My Hon'ble Colleague states with some assurance, that the arrears of land-assessments which the Government of India have resolved to remit, are either irrecoverable, or oppressively recoverable. I do not know whence he gets the information leading to this conclusion, which, it appears to me, could only be confirmed by an intimate knowledge of conditions, in detail, of districts which he has never visited, and with which he has no connection. Our opinion on the question, is that, during the coming year, a very large proportion of the arrears remitted, could be collected without any semblance of oppression. These ideas are formed on the reports of competent local officers who have carefully studied the position in the districts under their charge. We believe that the remissions we have sanctioned, will entail a direct loss of revenue, in the coming year, of £738,000, and we have accepted this loss, and that in subsequent years, with the view of affording every reasonable opportunity of recuperation to the raiyats in afflicted areas.

"As regards the salt-tax, I have already dealt with the question, in its general bearings, in my reply to the Hon'ble Syed Hussain Bilgrami.

"I may mention that I have observed that my statement that the increased returns from duties on cotton-goods, indicated increased consumption, has been challenged, on the ground that the goods have not been consumed, and that the increase is due to the overstocking of the market by unwise speculators.

"My critics on this point have not carefully studied the Budget Statement. I stated distinctly that one of the reasons for not anticipating as large returns from Customs in the coming year, as in 1901-1902, was that we apprehended that the market might possibly be overstocked in certain articles, amongst which I specifically mentioned cotton-goods.

"In Part II of the Financial Statement, it will be found that we estimated for a decrease of £39,600 in receipts of duty on cotton-goods. This decrease corresponds with a decrease of importations of upwards of £1,100,000. I should be astonished to learn that the cotton-goods market in India was today overstocked to an extent exceeding this sum.

"I believe that we have made ample allowance for temporary overstocking, and if we deduct the £39,600, estimated as possibly resulting from overstocking, from the total increase of £86,000 in duties on cotton-goods, we find that the increase of importation, which must be assigned to *consumption*, only, yielded some £46,000—a very handsome figure—fully justifying my remarks on the subject.

"I understand that my deductions from the increased value of importations have been criticised from the point of view that a comparison of the *quantities* imported in the two ten-year periods 1881-82 to 1890-91 and 1891-92 to 1900-1901, shows but a very small increase in favour of the latter. But the critic has forgotten the growing production of the Indian cotton-mills! His calculation is therefore, from his own point of view, worthless.

"Further, I may ask, what is the relevance of a comparison of quantities, to the argument on purchasing power? If a man can spend more money on the

purchase of a particular commodity which he requires, his purchasing power has clearly increased, whether fluctuations in the price of the commodity purchased, enable him to obtain a greater or less quantity for his money.

"My Hon'ble Colleague, Mr. Gokhale, has dealt with so many questions, and in such detail, that not having had sufficient notice to prepare careful answers, I am unable to give him the full reply I should have been glad to offer.

"My Hon'ble Colleague finds cause for dissatisfaction in our surpluses, because he thinks that they may be the result of the exchange policy adopted nine years ago, and he does not approve of that policy. That policy, he will, however, remember, was the outcome of the deliberations of the most competent experts, on a question of great technical difficulty, and its success in achieving the desired end—securing a steady exchange—is conspicuous, and now practically unquestioned. For practical purposes, we need no longer consider or discuss it. In any case, the enormous benefits to the Indian people, from the sound financial position which we now enjoy, must be held as affording more than adequate compensation for many evils, even if such existed, and if they could rightly be attributed to our policy.

"But, do the ills which my Hon'ble Colleague pictures to himself, really exist in the widespread way he assumes? Does not my Hon'ble friend, who represents an unfortunately afflicted section of the country, and is necessarily and rightly deeply impressed by the sufferings he has seen around him, unwittingly assume that the general condition of this great empire is exemplified by that of the relatively small distressed area which lies under his immediate observation? I would ask him to compare extent of areas and heads of population, in districts where famine conditions have prevailed, during the last two years, with extent of areas and heads of population, where conditions have been normal or prosperous. And, if he requires further proof of the general, as distinct from universal, well-being, I would ask him to consider the growth of imports of articles consumed by the indigenous population, the constant increase of traffic on our railways, the general growth of revenues from Excise, Stamps, and minor heads, and to seek diligently for any cause, other than general material prosperity, which could produce these results.

"It has been suggested that our present financial prosperity only indicates the prosperity of a small class; whilst the majority of the people are in distress. There might be grounds for such an idea, if we found our Customs returns increasing, only, or out of proportion, from importations of articles of luxury; if we found our railway receipts increasing, out of proportion, from first and second class traffic; if we found our Postal Savings Bank deposits increasing chiefly in the accounts of the large depositors; or, if we found our income-tax returns from the larger incomes, rapidly augmenting; but, it is the opposite of all this that is the case. As I have pointed out, it is from import-duties on articles consumed by the agricultural and poorer classes, that we obtain rapidly expanding returns, it is from goods and third class passenger traffic that our railways have prospered, it is the small investors who multiply and increase their deposits in the Postal Savings Banks: and, it is our income-tax returns from incomes above Rs. 2,000 per annum, which fail to meet our reasonable anticipations.

"My Hon'ble Colleague, in his statement, has made some remarks which he will permit me to criticise. He begins by talking of *similar* surpluses. Well, I have looked at the figures he quotes, and I confess that I see no similarity, between a deficit of 5 crores and a surplus of 7 crores. The figures given by him are, 1897-1898, deficit 5.36 crores; 1898-1899, surplus 3.96 crores; 1899-1900, surplus 4.16 crores; 1900-1901, surplus 2.50 crores; 1901-1902, surplus 7.00 crores. Where are the *similar* surpluses? I only see figures showing a fluctuating position, though one that is clearly improving and progressing in a very favourable direction. I think also that my Hon'ble Colleague, in his conclusions on the question of the larger revenue that is now being raised, does not, perhaps, pay sufficient attention to the fact that we have increased expenditure in view, and that we have already increased expenditure in directions which I believe meet with his full approval. If we were to cut down our revenues as he proposes, we should be unable to face the expenditure which is generally held to be desirable. Again, in the calculations which he has made,

showing, what I may, perhaps, call theoretical surpluses, my Hon'ble Colleague shows that, taking the figures which I read just now, namely, the actual deficit or surplus for each of the five years considered, if we had not had this; that, or other, special expenses, we should have had different results, and we should have had a surplus all through. I quite admit it. If you are not obliged to spend your money, you may keep it in your pocket, but I do not myself see that anything is proved by a statement of this sort. We know that we have from time to time, and, unfortunately, too frequently, to provide for special expenditure, or, we have to face a special failure of revenue; we cannot admit that the situation is certain, on the ground that, if we eliminate all special causes of fluctuation from one side and the other, we arrive at a fairly maintained average.

"My Hon'ble Colleague raises a charge against Government that the increase of taxation was rapid and constant during a period of years from 1882 to 1896-97, and he would have us believe that the increase in revenue (at least that is what I gather from his remarks) is solely due to this constant increase of taxation. But I think that this assumption is fully refuted by his own figures, since it was not during those years that there was any surplus. It is since those years, and during a period when there has been no increase of taxation whatsoever, and when the natural growth of the revenues alone influenced the situation, that we have had these surpluses. Then, my Hon'ble Colleague says 'the land-tax too has come in in its own automatic way for large augmentations during the period', and if I remember right, in the earlier part of his speech, he seemed to take me to task (under a misapprehension no doubt) for having instanced the increase of the land-tax, as evidence of increasing prosperity. I most certainly did nothing of the sort; in my Budget Statement, on the contrary, I observed that the raising of the land-revenue is subject to such restrictions that we cannot count on it as a really elastic source of revenue. Again, my Hon'ble Colleague says, 'One startling fact about these land-revenue collections is that during the six years from 1896-97 to 1901-02 (a period including the two greatest famines of the century) these collections actually averaged £17.43 millions a year, as against £16.67 millions, the average for the six preceding years.' These figures do not absolutely coincide with those which we have, but they are sufficiently near for me to accept them for the sake of argument. What are the facts of the case? In these big figures, my Hon'ble Colleague includes all increase of land-revenue from land newly irrigated and brought under cultivation during the period, and also the increase from land-revenue from the new Province of Burma. When these are deducted the figures are entirely changed, and we find his average for the first period to be 15.15, and for the second period to be 15.25: an infinitesimally small variation on so very large a sum.

"My Hon'ble Colleague also asks why with four continuous years of fat surpluses to guide us, and no special cloud threatening our horizon, should we budget for a surplus of $1\frac{1}{4}$ crores, when three times the amount would have been nearer the mark, and that, calculated according to a reasonably cautious standard? There certainly have been four years of surpluses, but there has not been that steady, uniform, progress which would be necessary to give absolute confidence as to what the future may have in store for us. As I explained in my Budget Statement, there is every reason to hope for a good surplus next year, but we have, as yet, no sufficient guarantee for the continuance of the very big surpluses of the last three years, and it is, if I may be allowed to say so, a question in which all the necessary data and figures having been examined exceedingly carefully, first of all by Local Administrations, and then by the Central Government, we are in as fair a position to judge as any one else can be.

"Then, my Hon'ble Colleague complains of a fall in prices due to the artificial appreciation of the Rupee. I do not know whether I need go into all the arguments he deduces therefrom, or into the arguments which he deduces from speculation as to what will happen in the future as regards prices, but I may point out that the Hon'ble Sri Ram considers that there has been a very great increase—30 per cent.—in prices; so that there is a considerable difference of opinion on this relatively simple question; and this between gentlemen who

apparently draw the same conclusions from the most directly contradictory premises.

"Then, with reference to the question of the consumption by certain classes of the population of certain classes of imported goods, my Hon'ble friend thinks that only fine piece-goods, worn by the richer classes, are imported from Europe, and that the raiyats are selling, not buying, silver. He tells us too that the wealthy are a mere handful in the total population. Has it occurred to him to think what would be the appearance and gait of this wealthy handful, if they were, as he imagines, the only wearers of the 2,000 million yards imported in 1900-1901, and of the 229 million ounces of silver imported for private account, in the last five years?

"I earnestly recommend these considerations to the serious attention of my Hon'ble Friend. Such figures, and statements of fact, as I have had time to notice, are, not only, not convincing, they are clearly incorrect, or misleading. I can only hope that a little more study and calm reflection will convince him that, far from there being any cause for despair, as regards either the present or the future, we may look forward, with good hope, to steady progress in the welfare and prosperity of the masses of the population of India.

"I find that I have omitted one point which, perhaps, I ought to have noticed, as my Hon'ble Colleague laid considerable stress on it. He has produced a table of exports, in which, having selected two particular successive periods, he shows a serious falling off in valuable staple products, and he draws the most pessimistic conclusions from his figures. But, why has my Hon'ble Friend compared the results of a period which he says 'was marked by the two most disastrous famines of the century,' with a period of normal prosperity? I must leave him to answer this question for himself.

"I think that the public whom he would convert to the ideas he is pleased to enunciate, would prefer to consider the question from more solid premises. It is clear that, for a fair comparison, exceptional periods of famine should be excluded, I think, that a comparison between two seven-year periods (normal agricultural cycles) excluding very recent famines, would be much more reasonable. If we take two such successive periods, 1882-83 to 1888-89, and 1889-90 to 1895-96, that is to say, up to the date of the first terrible famine, we find that all my Hon'ble Colleague's calculations are entirely upset, and the results, following his method, are in many cases completely reversed, whilst in cotton exports, where there is a slight falling off in the second period, no account is taken of the increasing consumption of the Bombay cotton-mills.

"My Hon'ble Colleague, Rai Sri Ram Bahadur, is not the only Member of the Legislative Council who proposes a reduction of the income-tax on small incomes. I have made my remarks on this question in reply to the Hon'ble Mr. Turner, and I need not repeat them. I will only say that my Hon'ble Friend has made the best of his brief. The facts connected with the case are, however, familiar to us, and although the permanent loss of 35 lakhs of revenue is a sufficiently serious matter, the proposal will be most fully considered, should the moment arrive for accepting some remission of taxation.

"With reference to the remarks on the necessity of the prompt distribution of takavi advances, I may state that the Government of India has not, in my experience, ever hesitated for a moment to sanction such grants when applied for by the competent local authorities.

"My Hon'ble Friend infers that the special grants sanctioned for Irrigation, Education, Public Works, Sanitation, and Administrative purposes are for one year only. That is in the main correct, and the restriction is, I think, clearly necessary. It is our intention that the bulk of the money should be spent on objects involving as little recurring expenditure as possible. We could not, in present circumstances, undertake to provide for recurring expenditure to the full amount now sanctioned for a single year. We hope that circumstances will allow us in revising the Provincial Settlements to make some allowance for future expenditure under the heads specially indicated this year.

"With reference to my Hon'ble Colleague's suggestion that further concessions should be made to the public both in the Postal and Telegraph Depart-

ments, I must point out that the Postal Department Budget, for the coming year, shows the very narrow margin of surplus of £23,000, only, on a total of £1,377,000, whilst the Telegraph estimates show a positive loss of £114,000 approximately. The question of a re-arrangement of rates for the transmission of inland telegrams has, however, already occupied our attention, and I should be very glad if circumstances should hereafter permit us to reduce the charges.

" My Hon'ble Friend questions my assumption of the recuperative power of the raiyat, and he quotes against me, my words, that we had considered it advisable in making the remission of arrears of land-revenue to give 'time to recuperate'. I do not follow the objection to this phrase. I have always understood that recuperation was essentially a matter of *time*, and that the term is inapplicable to *immediate* recovery.

" Again, I do not follow the argument that because the raiyat's income is assumed to have increased by only Rs per annum, during the last 20 or 25 years, whilst the prices of food-stuffs are assumed to have increased by 20 or 30 per cent. during the same period, he is a sufferer.

" The raiyat is essentially a producer of food-stuffs, and he supplies his wants, other than those for food, from the sale of the surplus of his produce. Up to the limit of the quantity of produce which he requires for seed and for his own food, the difference in its price cannot affect him, and if, for the surplus which he sells, he is now able to obtain some 30 per cent. more than formerly, it would certainly seem that, from this point of view, his position has considerably improved.

" I admit that there is some foundation for my Hon'ble Colleague's complaint that there are sometimes considerable difficulties in securing the free-encashment of notes, or the supply of notes, at Mufassal Treasuries, and, as regards encouragement of the circulation of notes, it is certainly very desirable that all possible facilities should be given for their encashment. But we must remember the vast extent of the empire, and I think that it will be realized that there are insuperable practical difficulties in furnishing all local treasuries with the large sum in cash and notes which, as regards the particular question under consideration, might be desirable.

" I am most anxious to see such improvement, as may be practicable, made in this direction, but I must point out that it can never be to the advantage of Government to furnish notes to be used as a means of making large remittances at cheap rates; that is to say, to saddle Government with the expense of transfers required by private individuals who should fairly be called upon to pay themselves for such requirements.

" My Hon'ble Friend discusses the question of Provincial Settlements, and he quotes, with apparent disapproval, a statement made by Sir James Westland, to the effect that the first claim on Provincial revenues is the claim of the Imperial Government. I feel bound to state that the principle thus enunciated is one which I fully accept, and which I feel confident must be accepted by all my successors.

" Has my Hon'ble Friend fully considered what is the nature of the revenues which he terms Provincial? I would point out to him that the revenues, the application of which we discuss in considering Provincial Settlements, are, speaking generally, in no sense provincial. They are Imperial revenues, collected, for convenience, by Provincial administrations, who deduct the cost of their collection, whilst benefitting provincially by the expenditure involved in that collection. It seems to me self-evident that the reasonable demands of the Central Government, on the proper working of which the whole administrative machine depends, must be held to have a primary lien on all revenues collected, except such as are specifically raised, in addition to ordinary taxes, for the satisfaction of purely local needs.

" In my Budget Statement, I mentioned the principles by which Government would be actuated in considering the next Provincial Settlement. I have nothing to add on that question.

" My Hon'ble Colleague alludes to the obligation of Provincial Governments to maintain minimum annual closing balances. I think that, in this connection

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the following figures showing a comparison between the obligatory minimum balances and the estimated balances at the end of 1901-1902 will be of interest :—

	Minimum balances.	Estimated balances at the end of 1901-1902.
	R	R
Central Provinces	8,00,000	23,31,000
Burma	12,00,000	1,40,79,000
Assam	5,00,000	5,31,000
Bengal	20,00,000	47,08,000
United Provinces of Agra and Oudh	20,00,000	43,79,000
Punjab	10,00,000	19,61,000
Madras	20,00,000	45,22,000
Bombay	20,00,000	64,38,000

“It will be remembered that when, at the end of last year, abnormal circumstances had depleted certain Provincial Treasuries, the Central Government made special grants to bring them up to the required minimum.

“My Hon'ble Friend urges that Government should make large grants to municipalities and district boards. I must remind him that our purse is not inexhaustible, and that there is a limit to the strain which we can properly put on our credit. I would ask him to note that the outstanding total of advances to municipalities and district boards, on the 31st March, 1901, was Rs. 9,57,59,631. Further considerable advances have been made during the past year.

“My Hon'ble Friend has also touched on the question of octroi. I am prepared to admit that octroi has many advantages, but it has also certain disadvantages, and particularly that of giving special openings for fraud. He mentioned, as objectionable, the possibility of the introduction of a house-tax. I cannot myself see why he should object to the idea of a house-tax. I can hardly think of a more useful municipal tax than a house-tax, which must be paid by those who can afford to pay, which for collection entails a minimum expenditure, and in connection with which there can be no possibility of fraud.

“My Hon'ble Colleague Mr. Smeaton criticises my statement regarding the circulation of currency notes, on the ground that the amount stated to be in circulation, includes notes locked up in treasuries and sub-treasuries.

“He will however observe, if he studies my Financial Statement, that in the second table given, which I mention as meriting the more important consideration, sums held by the Government Reserve Treasuries and by the Presidency Banks at their head offices, are excluded. I demur to the proposition that notes held in the ordinary treasuries and sub-treasuries should be excluded from comparative statements of the amount in circulation.

“My Hon'ble Colleague quotes the late Sir Richard Temple as an authority for estimating the incidence of the salt-tax at 3 per cent. on average incomes. I must point out that now the average incidence for the whole population of British India, is about one half anna per mensem. Now, our pessimistic friends compute the average income of the indigent classes at two annas per diem, or 60 annas per mensem, and at this rate the incidence of the tax amounts only to 83 per cent. on the poorest class in the land, or, allowing very liberally for non-working days, to a maximum of one per cent.”

His Excellency THE PRESIDENT said :—“ We have had a somewhat discursive discussion ; and as people are, as a rule, discursive only when they are in a good temper, I hope I may conclude that the second Budget of my Hon'ble friend the Financial Member is one that in its broad outlines has caused general satisfaction. There are several features of it which deserve to produce that result. The conversion of a modest into a handsome surplus in 1901-02, even if we have been assisted by good fortune, is itself gratifying. But, even eliminating the accidental element from this expansion, and allowing for the caution with which my Hon'ble friend framed his estimates a year ago, there remains in the elasticity exhibited by our main heads of revenue, and in the steady growth of receipts from those sources which indicate purchasing power and prosperity—sufficient cause for temperate congratulation. It is a great thing, for instance, to know that after years of adversity and unfavourable criticism, we have finally turned the corner as regards our railways, and that, in addition to the innumerable benefits which they have brought to all classes in the country, they are now a steady recurring source of profit to the Indian taxpayer. During the three years since I took over my present office, more than 3,000 miles of railroad have been opened in India. Over 2,000 additional miles are under actual or impending construction, and we are gradually filling up the blank spaces in the map, and the more obvious gaps in the public needs. The increased receipts, not merely from the main imports, such as cotton, sugar, silver and mineral oils, but from Post Office, income-tax, stamps, excise, those sources in fact which I agree with the Hon'ble Sir Edward Law in regarding as evidence of an improving margin of wealth and comfort in the country—point in the same direction. I know that it does not do to be too cheerful in Indian finance, partly because of the vicissitudes to which we are liable, and still more because anyone who dares to be cheerful is at once described as an optimist ; and an optimist in respect of Indian financial or economic progress appears to be regarded in some quarters as a dangerous character. No one, I think, can charge me with having been an offender in that respect. But in the Budget speeches which I have delivered from this chair, and of which this is now the fourth, I can point with satisfaction to the fact that the hopeful forecasts in which I have from time to time indulged have in no case been falsified, while when I said last year that India was already beginning to tread upon a brighter and happier pathway, I could not have wished for a more ample vindication of my remark than the Budget Statement which twelve months later has been laid upon this table.

“ However, when a Government finds itself in possession of large balances, the world is always more interested to know what they are going to do with them than how they got them : and I turn accordingly to the manner in which we have decided to dispose of our surplus funds. There are three methods of dealing with a surplus other than hoarding it. The first is to reduce taxation, the second is to increase administrative expenditure, and the third is to give relief to suffering classes or interests. Do not let it be supposed that before deciding to adopt the second and third, we did not most carefully and exhaustively consider the first. Every Government, every Viceroy, and every Finance Minister, must wish to reduce taxation if they honestly and conscientiously can. We are not above those feelings ; and, for my own part, if the conditions of our finance continue to improve, I entertain reasonable hopes of being able to recommend such a reduction before I leave this country. The Hon'ble Mr. Charlu said that he had never known a tax imposed in this country and afterwards taken off. He forgot that only an hour or two earlier he himself and all of us had voted for the abolition of the pandhari-tax in the Central Provinces. But the questions which we had to ask ourselves on the present occasion were these. Are the burdens imposed upon the community by existing taxation so heavy as to stand in urgent need of mitigation ? Is our position sufficiently assured to enable us to make what must be a permanent sacrifice of revenue, and to make it on a sufficient scale to relieve the people upon whom it presses with greatest weight ? After a period of exceptional distress that has been confined to distinct parts of the country, is a reduction of taxation which is bound to be general, rather than partial in its application, the best method of setting the sufferers upon their legs again ? We could not truthfully answer these questions in the affirmative. Though we have had surpluses now for three years,

we could not say with absolute confidence that we have entered upon an era of assured annual surpluses. There is still a good deal of distress, and of conditions bordering upon famine, in other parts of India, and we all felt that we should like to see the outcome of the next monsoon. Again, we convinced ourselves upon enquiry that even if we had run the risk and had reduced taxation, we should not have brought our charity home to those who most need it with the directness that we desired. A good deal of the sacrifice would have been spent upon classes and persons who, though they would have welcomed the relief, and though we might have been glad to give it, do not stand in real want. I do not share the Hon'ble Mr. Gokhale's views on our taxation. I do not believe that its total burden presses with cruelty upon the people. If the Hon'ble Member were to transfer his residence to any European country, I expect that he would very soon be back again here, with altered views about fiscal matters. In the case of taxes affecting the entire community, it is further certain that unless the reduction were on a very large scale indeed, the benefit would never reach the consumers at all. The Hon'ble Sir Edward Law in his reply has given the figures of what a substantial reduction of the salt-tax would mean. I wonder if half the speakers and writers who so glibly recommend it have worked out what it would cost, and have paused to consider whether we could, in the present year, have afforded such a sacrifice. It is a question of capacity much more than of inclination. When the sacrifice entailed is to be reckoned not in lakhs but in crores, the critics of Government can afford to be generous, because they have no responsibility; but Government, which is responsible, is bound to be circumspect.

"We did not, however, come to our decision without consulting the heads of Local Administrations, and we found that, without an exception, they were in favour of relief in preference to reduction. The point upon which we laid the greatest stress was that relief, if given, should be given to the needy. Now the neediest among the needy in British India are, as no one will dispute, the cultivators who in Bombay, the Punjab, the United Provinces, the Central Provinces, and the British district of Ajmer, have, during the past two years, been so grievously smitten by famine. We ascertained that the total arrears of land-revenue, already suspended in these areas, was just short of 2 crores, or a sum of £1,320,000. We therefore resolved to wipe off the whole of these arrears by a stroke of the pen. It would have taken three or four years to collect this sum, and a good deal of it, no doubt, would have never been collected at all. We thought it better, however, to remove all doubt upon the matter by writing off the entire debt, and by compensating the Local Governments for the portion of it that would, in ordinary circumstances, have fallen to their share. I have not yet heard of anybody, and there has been no one in this debate, who has seriously questioned the propriety of this decision. Looking to all that we have gone through, and may perhaps have to go through again, I am not going to claim this as a Prosperity Budget. But I do emphatically claim it as a Poor man's Budget and a Peasant's Budget, and it has been a source of the greatest pleasure to my colleagues and myself to be able to evince our sympathy with those classes in this practical form. I was glad to hear from the Hon'ble Mr. Bose, who is such a firm friend of their interests, that our gift has been received with deep gratitude.

"Our second object was to set going again at a becoming rate of speed the administrative machine in the various provinces. Owing to the strain of the past few years, the stokers have everywhere been stinting their fuel in the furnaces, and the engines have not been going at much more than half speed. Every branch of administration has suffered in consequence—education, police, public works, sanitation. This gradual deterioration is, in the long run, fatal to efficiency, for the machine itself gets rusty and unequal to its maximum capacity, while the engineers become indifferent and slack. Our first proceeding was out of the large realised surplus of the past year to assign 40 lakhs or £266,000 as grants-in-aid to those provinces, *vis.*, Bombay, Madras, the Central Provinces, and the Punjab, where the suspension of work had been most marked and most serious. This was for non-recurring expenditure, intended to restore the provincial administrations to the normal level of capacity and output. Our next step was to provide the provinces in general with the materials

for the fresh burst of activity which we desire to press upon them, by grants from our anticipated surplus of the ensuing financial year. With this object we have given them a further 90 lakhs or £600,000. Of this, 40 lakhs are to be devoted to education. A good deal of this will clearly be non-recurring expenditure. But we entertain such strong views about the need of a greater outlay upon education, and the measures which we already have in hand, or are about to undertake, for the expansion of every branch of educational effort in India, must require such a continuous expenditure, that the charge is not likely to be reduced in succeeding years. The remaining 50 lakhs we have given to public works and sanitation, in both of which respects progress has been arrested in many quarters, and to making up the deficiencies in provincial establishments; of these 50 lakhs, it is estimated that 30 will be recurring. I have been glad to hear from the Lieutenant-Governor of Bengal so frank a testimony to the wisdom as well as the generosity of our policy in this respect. It is quite a new sensation for the Government of India to be applauded as the fond parent of a large family of devoted though impecunious children. I only hope that the experience will not be a short-lived one, and that the Local Governments in their gratitude for our bounty will not fail to exercise the greatest vigilance and economy in its distribution.

“Finally, we decided not to wait for the Report of the Irrigation Commission, but to devote an additional sum of 25 lakhs to minor works, such as tanks and wells, over and beyond the grant for larger works, which has been kept, since I have been in India, at the annual figure of 1 crore. My Hon'ble colleague pointed out in his opening statement that if we add to these the sum given from the Famine Insurance Grant for unproductive works, we shall be spending upon irrigation in the following year a total capital outlay of 139 lakhs or £927,000—a sufficient answer, I hope, to any who may hitherto have suspected the Indian Government of indifference to this most pressing need.

“I have now explained and defended the financial policy which has found expression in this Budget; and I claim for it, that though alternative methods of spending our money might have been forthcoming, no means could have been devised better calculated to diffuse its benefits through every part of the country or to carry the sorely needed relief more swiftly to the necessitous spots. I now pass to a consideration of the general policy which has been pursued by the Government of India during the past twelve months, and of the degree of advance that has been made on the path that we have chalked out for ourselves.

“A year ago I gave an indication in outline of the various projects that we have in view. I should like, if I have time while in India, to place upon the anvil every branch of Indian policy and administration, to test its efficiency and durability, and, if possible, do something for its improvement; always bearing in mind that there is no finality in India or anywhere else, and that the utmost that any one Government or Head of a Government can effect is to hand over the administrative machine to the next comer with all its parts intact and in good working order, capable of answering the fullest requirements that the conditions of the time are likely to impose. We have, I think, made substantial progress in several directions.

“The new Frontier Province has been started upon its career, and I am very hopeful that it will tend to unity and continuity of policy in respect of the Frontier. That it will result in the quicker despatch of business is quite certain, and has already been demonstrated in connection with recent events in Waziristan. We have fortunately had peace for three years in Chitral, Dir, the Khyber, the Samana, and the Kurram. The Chitral reliefs, which now take place in the autumn, have been conducted without the firing of a single shot. I am presently going up to Peshawar to inspect things myself, and to see the frontier Khans and *jirgas* who will be summoned to meet me in Durbar. Our policy of substituting tribal militia for the regular troops in advanced positions on the Frontier is slowly but surely coming into operation. It is now more than two years since the British garrison was able to leave the Khyber. The Samana Rifles are about to be entrusted with some of the Samana posts. The Military are on the eve of being withdrawn from the Kurram, where the Kurram Rifles have reached a high standard of efficiency. The Khushalgarh-Kohat Railway

has already entered Kohat, and the line is being pushed on towards Thal. The Kohat Pass Road has been opened, and is in constant use. On this section of the Frontier we may certainly point to good work done, peace so far unbroken, and greater security obtained.

"We have observed with pleasure that the death of that remarkable man, the late Amir of Afghanistan, during the last year, has been followed by the tranquil succession of his son, the Amir Habibulla, without any of those disturbances which had for long been predicted. The latest news from Kabul does not mention any uneasiness, and we earnestly trust that the present ruler may consolidate his position and continue on a larger scale the reforms which had been initiated by his father. The most friendly relations prevail between the British Government and His Highness; and our hope is that the alliance between the two Governments may become even firmer and more intimate as time passes on. Where the interests of two parties are identical, there exists a natural bond of union.

"Further down the Frontier we have been involved throughout the past year in a blockade of the Mahsud Waziris. This turbulent tribe—one of the most unruly of the Pathan clans—had carried their raids and offences upon British territory and British protected subjects to a point at which the arrears of fines had reached a formidable sum. We offered them the opportunity of clearing off this debt, and of starting afresh under a system of tribal subsidies, paid to the tribe, and distributed among themselves. They declined these terms, and a blockade was imposed and maintained with as much strictness and severity as were possible along a cordon many hundreds of miles in length, through a country of immense physical difficulty. I observe that the policy of a blockade arouses almost as conflicting emotions in the bosoms of Frontier critics as used to do, for instance, the Frontier policies of Lord Lawrence and Lord Lytton. Those who prefer the drastic methods of an expedition denounce a blockade, and do their best to prove that it is either a failure or a sham. Those who, from the experience of past expeditions, with their shocking disproportion of cost to result, distrust that method of procedure, as strongly favour a blockade. For my own part, I regard the two as alternative methods of coercing a hostile or rebellious tribe, and the distinction between them as one of policy rather than of ethics. Of the two I would certainly prefer to try the blockade first, both because it is so far less costly, and because it is attended by so much less loss of life and acute suffering. But when, in the course of a blockade, the enemy persist in making a series of savage attacks upon our outposts and convoys and men, cutting up frequent parties and becoming possessed of a large number of long-range rifles, then I am not going to sit idle and allow these acts to be pursued with impunity. Therefore it was that towards the close of last year we decided, while still maintaining the blockade intact, to initiate a series of retaliatory sallies or reprisals upon those who had provoked them. These reprisals were conducted with great gallantry and endurance by the soldiers who were pushed forward from the cordon line. At no time were more than 5,500 men engaged in active operations, being split up into smaller columns, which scoured the valleys of the tribesmen, inflicting what damage they could, and conclusively proving the vulnerability of even the heart of the Mahsud country. These proceedings soon brought the tribe to their knees. The balance of the fine was paid up, the captured rifles were surrendered, security was given for the restitution of flocks and herds seized by the Mahsuds during the blockade, and for the expulsion of outlaws from the country; the principle of tribal responsibility for future offences has been explicitly accepted; and on these conditions the blockade has been finally raised, and a state of peace has been resumed. I said something just now about the relative cost of an expedition of the old-fashioned sort and a blockade. When I add that the former seldom costs less than a lakh a day, and when you see that my Hon'ble Military Colleague has entered in this Budget an estimate for our Mahsud proceedings of less than 16 lakhs, the bulk of which will have been incurred by the military movements at the end, I think it will be admitted that we chose the more economical course. If there be any one who argues that this is a large price to pay for the recovery of a fine originally fixed at one lakh of

rupees, I would remind him that the tribe have lost very much more than the fine. They have lost in the forfeited allowances of 15 months a sum of $1\frac{1}{2}$ lakh, in the value of rifles surrendered by them $\frac{1}{4}$ lakh, in the value of property destroyed and live-stock captured by our troops $2\frac{1}{2}$ lakhs: so that the total loss to the tribe, the fine included, has been in excess of 5 lakhs. If, therefore, the Government of India has disbursed a net sum of 10 lakhs or even more, is not that, I ask, a small price to pay for the restoration of peace along the most difficult and troubled section of our border? Whether the peace will be lasting or not, I will not presume to foretell. The Waziristan problem is not of my creation, and I can but handle it to the best of my ability, and endeavour to evolve order and tranquillity out of one of the most complex and troublesome situations that even the North-Western Frontier has ever presented to the Government of India. I want nothing better than to live at peace with these people, and, as far as possible, to leave them alone. But if they reject these overtures and persist in a policy of outrage and rapine and disorder, then I shall hit back and hit hard. While these events have been going on, the policy of the Frontier Militia in Waziristan has necessarily been somewhat in the air, though the South Waziri Militia, which included a good many Mahsuds who stood firm to us even through the conflict with their countrymen, covered themselves on more than one occasion with considerable credit. Now that peace is restored, the Militia will have a better chance, and it is notable that one of the principal demands put forward by the defeated clansmen at the recent *jirga* was that larger opportunities might be afforded to them of enlisting in the British service in future.

"To resume my former narrative of political and administrative progress during the past year. In the interval the Imperial Cadet Corps, which is a dear child of mine, has started into being. We have without difficulty selected over twenty young men from the princely and aristocratic families of all India, drawing them from districts as far apart as Hyderabad, Vizianagram, the Frontier, Rajputana and Kathiawar. The Corps includes four Ruling Chiefs who have come to us at their own wish. The discipline and training provided are in the main military, and the standard of living enforced is simple and strict. I am hopeful that in this institution we shall have found a means of providing honourable employment for selected scions of the Indian aristocracy and of training the pick of their number so as to qualify for future military rank and service.

"The Hon'ble Sir Edmond Elles in his memorandum has given an account of the steady advance that is being made in the work of rendering our Indian Army, both European and Native, a more efficient machine. There are some who contend that its numbers are too small for the gigantic task with which they might one day be confronted. There are others who argue, like our Hon'ble Military critic from Madras, that they are more than sufficient for every day needs. Both parties will admit the cardinal importance of making the existing army as fit for its task as the application of the latest results, whether of military invention or of experience in the field, render possible; and the present Commander-in-Chief and the Military Member have addressed themselves to this object with a business-like energy that finds its reflection in many notable reforms already achieved or in course of execution. The re-armament, both of infantry and cavalry, and of our batteries of artillery, which is being pursued with as much rapidity as the supply of weapons admits of, the reorganisation of the Madras Army by a bold infusion of the fighting blood of more northern races, the creation of a transport system with an existence other than on paper, the construction of light frontier railways, the endeavour to render India self-providing in respect of armaments and ammunition, large measures of administrative decentralisation, the reform of our horse-breeding establishments, the ventilation and lighting of our barracks by electricity, the settlement of the cantonments' difficulty by the legislation which has passed this Council, and, above all, the addition of a large number of officers to the Indian Staff Corps—for there can be no doubt that for a long time our regiments have been sadly under-officered, and that it has been found well nigh impossible to reconcile the standards of regimental efficiency with the numerous calls that are made upon the officers for service on the frontier, for non-military service in fighting famine and plague, and for service in other parts of the Empire—where the authorities seem to fancy the Indian officer more than they do any one else—all these plans

and projects I say, which have taken, or are taking, shape, mark a policy of sustained and steadfast advance. That we have been assisted in carrying them out by the handsome savings that have accrued to us from the absence of our troops at the Imperial expense in South Africa and China is well known. But we have also had our set-back in the extra charge that seems likely to be imposed upon us in connection with the proposals of His Majesty's Government to raise the scale of pay of the British soldier. We had not expected, and we can hardly be expected to welcome this change, and we have placed our views upon it before His Majesty's Government.

"I am happy to be able to record the fact that we have in the past year secured that reduction in the telegraphic rates between Europe and India for which I undertook to press three years ago. It is not as large a reduction as I should personally have liked or as will one day come. But we have secured a conditional promise of a further reduction from 2s. 6d. to 2s. a word if the returns from traffic are found to justify it. I should like also to find time to consider the question raised by the Hon'ble Mr. Turner of telegraphic charges within this country, which seem to me to admit of some reform.

"It is gratifying to find that the policy which we initiated here three years ago of combating by such means as lay in our power the inequitable system of sugar bounties has not been without its effect upon public opinion elsewhere. I do not doubt that it has played its part in contributing towards the practical abolition of those bounties, which has been the result of the recent Brussels Conference, and which is one among many evidences of the shrewd and tactful diplomacy of Lord Lansdowne. The Convention has not yet been ratified by the Legislatures of Foreign Powers, and, until it comes into operation, we must continue our precautions here. We must also be on our guard that the real objects of the agreement are not evaded by indirect bounties in one or other of many forms.

"Passing to the sphere of internal administration, there are many respects in which we can claim that distinct progress has been made. The singularly able Report of Sir Antony MacDonnell and his colleagues upon the Famine Commission of last year, has enabled us to frame definite rules upon many disputed points of famine policy and procedure; and we are, I hope, in process of evolving a Famine Code of general acceptance, which will guide our officers in future struggles.

"In the course of last summer we completed a most careful and searching survey of the whole of our Land Revenue policy, and we endeavoured, in answer to our critics, to furnish to the world no mere departmental defence of our methods and objects, but a serious and conscientious examination of the subject of assessments in relation to the various parts of India, and to define the lines of broad and generous treatment in the future. Our pronouncement was not an academic treatise, meant to be read, or perhaps skipped, and then forgotten. We intend it to be a rule of guidance, to the Local Administrations; and on points where doubt exists, or where the local practice does not appear to be in accordance with the principles laid down, we have addressed them with a view to ensuring conformity in the future. I am grateful for the reception that this document has met with from the public, which has more than repaid me for the months of labour that were devoted to the task. I hope that it has removed some misconceptions, and dissipated some doubts.

"I have already mentioned the large grants that we are making in the forthcoming year to education. These are the prelude to a policy of educational reform that was inaugurated with the deliberations of the Simla Conference last year, that is now being further investigated in respect of University education,—a most important branch of the subject,—by the Commission that is sitting under the presidency of the Legal Member, and that will not stop until it has embraced every branch of educational activity—secondary, primary, technical, industrial, and commercial. In all these respects money has been grudged in the past, and effort has been wasted or diffused, in the main from want of a definite plan. I conceive that a ruler could not bequeath to India a better legacy than the introduction of system, shape, and consistency into that which has hitherto been somewhat formless and void. Upon everyone of the particulars that I have

named, the Local Governments have been addressed: their opinions have been invited, as to positive suggestions and definite needs; and before another year has passed, I hope that we may appear before the Indian public with a concrete policy that will communicate to education in its various branches an impetus that will not quickly faint or fade away. A Director-General of Education has arrived from England to act as adviser to the Government of India, and to assure that continuous interest in the matter at head-quarters which has sometimes been lacking. There is only one consideration that I would ask the public to bear steadily in mind. Education, if it is to be reformed, must be reformed for education's sake, not for the sake of political interests, or racial interests, or class interests, or personal interests. If that golden rule be borne in mind both by the Government and the public, we shall get through. If it be forgotten, then the most strenuous of efforts may be choked with disappointment, or may perish in recriminations.

"Throughout the past cold weather, the most momentous of our recent Commissions has been taking evidence in different parts of India upon the question of future extensions of Irrigation in this country. The figures that I have previously quoted will have reflected the general sympathy with which the Government of India regard a policy of unhesitating, even if it be sometimes experimental, advance in this direction. So vast is the field, so complex the subject, so enormously important may be the results, that a second cold weather will be required before the Commission has completed its labours. I warn the country that its report will mean the expenditure of money, perhaps of much money in the future; and I invite those gentlemen who are so keen upon extensive reductions of taxation, and who are probably also among the foremost champions of a generous policy of irrigation, to pause a little, and think whether there is perfect consistency in their attitude. I say boldly that my policy in India involves the spending, though not, I hope, the waste, of money. You cannot have reforms, and not pay for them. I shall hope to leave administration in India more efficient than I found it. But I shall assuredly not do so, unless I add, I do not say to the relative, but to the aggregate, expense.

"There are several questions which we have upon the stocks, and which we hope to carry forward during the ensuing year. There is the institution of Agricultural Banks, or Mutual Credit Societies, which has been alluded to by the Hon'ble Sir Edward Law. I am far from predicting confidently that this experiment will be suited to the conditions of Indian life. But at least let us try, and if we do not attain success, let it not be from failure to deserve it. Sir Edward Law and I are very anxious to see a large development of steel and iron-making industries in this country. India, with its great resources, ought to be far more self-sufficing than she is. One day, when we are gone, this will be a great industrial and manufacturing country, and we may be proud of having added our humble pebble to the cairn of her future prosperity. There is another respect in which we are desirous to bring our administrative mechanism more up to the level of modern requirements. This is by the institution of a Commercial Bureau, or Department of Government, which will take special charge of trade, customs, and the like, and will both advise Government, and act as the intermediary between it and the mercantile public. In another direction I hope to communicate a definite stimulus and to breathe fresh life into the dwindling and sometimes perishing art industries of India, by holding an exhibition in connection with the Coronation Durbar at Delhi in January next. I should be very sorry if that great function, even though it be one of official ceremony and national rejoicing, were mainly limited to pageantry and pleasure. I should like it to be of permanent service to the people; and it occurred to me that a better way of securing that end could not be contrived than to assemble there a collection of all the best that the Indian artificer or handicraftsman is capable of producing, so as both to appeal to the taste of the immense audience that will be gathered together, and to encourage and revive the industries themselves.

"Lastly, there is another subject that we are about to take in hand. I spoke last year of Police Reform as one of the most urgent needs of Indian administration. The matter has not been lost sight of since, and we have recently sent home proposals to the Secretary of State for the constitution of a Commission,

to concentrate into final shape and conclude the independent enquiries that we have been making, but that are at present somewhat lacking in consistency and unity, because of the very varying aspect of the problem in the different provinces. This will, I hope, be the last big Commission for the appointment of which I shall be responsible, but the work that lies before it, and that touches every home, and almost every individual in every home, in the country will not be the least in importance. I agree with His Honour the Lieutenant-Governor in thinking that in some respects it will be the first.

“Now I can quite believe that there will be some persons who will say that the present administration is earning a strange and abnormal repute, as one of Commissions, Committees, and enquiries. The charge is quite true. I do not for one moment dispute it. We have had a Famine Commission, and a Horse-breeding Commission. We have got now at work an Irrigation Commission and a Universities Commission. We have a very alert and capable Special Commissioner who is examining into our railways; and I started nearly three years ago the plan of a Travelling Railway Commission, that has already visited and conducted local enquiries in several parts of India. I have myself presided over Conferences to enquire into the question of Education at large, and into the teaching and system of the Chiefs' Colleges. We have had Committees to report upon Agricultural Banks, upon military decentralisation, upon Commissariat frauds, upon the starting of technical and industrial schools, and upon other and less important matters. And now there is the proposal of a Police Commission which I have just launched. What, it may be said, is the use of all these investigations? Are you not tending to obscure the issue, and to delay action? The answer to these questions is, in my opinion, very simple. The object of all these enquiries is in every case the same, *viz.*, to arrive at the truth. The truth ought, I suppose, theoretically to be lying about, like an exquisite shell on the sea-shore, open to the eyes of men. But in practice it is apt to be overlaid by all manner of sea-weed and sand and slime, and it has to be dug out and extricated from its covering or its surroundings. If I have undertaken the policy of reform of which I have been speaking, I positively decline to accept the responsibility until we know where we are, what are the exact features of the problem that we have to deal with, and what, on the whole, is the best that it is open to us to do. A reform in India is a change applied not to a town, or a district, or a province, or a country, but to a continent. Conceive anyone proposing a new plan or a new policy for the whole of Europe—if such a thing were practicable—and doing it without the fullest enquiry in advance—enquiry both to ascertain the dimensions and necessities of the case, and to let the various experts and authorities have their say. There is no country in which this is more essential than India, where there is always a danger that the executive authority may be out of touch with a constituency so scattered and so huge, and where therefore I am always insisting upon the necessity of building bridges between the Government and the people. I do not say that every Commission or Committee is everywhere invariably appointed with the objects that I have described. I have known the opposite. They may be said, indeed, to fall into two categories, Commissions to shelve and Commissions to solve. If anyone thinks that any of the Indian enquiries to which I have alluded have belonged to the former class, he is greatly mistaken; and if any sleeping partner in the abuses or errors which we desire to correct is hugging to himself the illusion that these Commissions will pass by like a gust of wind, and leave no trace but a report behind, he will suffer a rude awakening. I am a disciple of the wise man who said that words are women, but deeds are men: and though I am far from anticipating that any of our investigators will show the slightest lack of virility in their reports—the Famine Commission certainly did not—yet it is to the action taken upon their reports, rather than to the reports themselves, that the final weight is to be attached. Perhaps I may also add that, if anyone is disposed to think that the constitution of an Indian Commission, and its process from the cradle to the grave, are light and perfunctory operations, that can be airily undertaken by one who is either a dilettante or is inclined to be a shirk, he displays an extreme ignorance of the subject. There is the reference to be drawn up involving long and anxious study, the Secretary of State to be consulted, the consent of his Council obtained, the members to be selected by a careful balance of the interests

and merits, not merely of individuals, but of provinces, races, and even of creeds. Very often there is prolonged correspondence with Local Governments. Then, when the work is started, references and intermediate reports are continually coming in, which the head of the Government is compelled to study. Later on there is the Report itself, which condenses the labours perhaps of a twelve month, and the intellectual precipitation of a multitude of minds. Then comes the detailed examination of the Report, the discussion of the extent to which it can or should be acted upon, further consultation with the Home Government, and perhaps with Local Governments, and, finally, the orders of Government in a succinct form. I can assure Hon'ble Members that it needs, not indifference, but no small spirit, to start and to see through an Indian Commission from beginning to end, and I would earnestly recommend any Viceroy who desires to have a quiet and easy time to eschew my perilous example.

"Before I close this long but not, I hope, unjustified speech, there is one subject to which I should like to make brief allusion. I daresay that Hon'ble Members are familiar with the view, to which I have often given public expression, of the part that is played by India in the Imperial system. I am myself by instinct, and by conviction, an Imperialist, and I regard the British Empire not merely as a source of honourable pride to Englishmen, but as a blessing to the world. In the picture of what the Empire is, and what it is capable of doing, India has always, in my eyes, assumed a predominant place. Her geographical position, her resources, and the part that she has played in history, are sufficient to explain this importance. But I often wonder if the outside public has any conception of the extent to which it is illustrated in the politics of the hour, or of the contributions that have been made by this great dependency to the cohesion and defence of the Empire. I should like to give to this Council a few illustrations of my meaning, derived from the experiences of the past two years.

"It is, I think, generally known that it was by the loan and prompt despatch of British troops from India that Natal was saved from being overrun by the Boers at the beginning of the South African Campaign. It was the holding of Ladysmith that prevented them from sweeping down to the sea. That service has been publicly acknowledged by the Commander-in-Chief in England, and by the Secretary of State for War. It is also known that it was an Indian General Commanding Native troops from India that relieved the Legations at Peking; and further that, in the absence of our European troops elsewhere, it has been by Native regiments that our garrisons in China have since been supplied. But the extent or value of our contribution in either case is perhaps imperfectly understood. Since the beginning of the war in South Africa, we have sent from India 13,200 British officers and men to that country, of whom 10,000 are still absent. Over 9,000 Natives, principally followers, have gone with them, of whom 5,600 are still away. To China we sent 1,300 British officers and men, nearly 20,000 Native troops, and 17,500 Native followers, of whom 10,000 Native soldiers and 3,500 followers are still away. I venture to say that these are very large and handsome contributions.

"Then I would like to mention another respect in which we have been of service. This has been in the provision of ammunition, stores, and supplies. In these two wars we have sent out from India 21 million rounds of ammunition, and 114,000 projectiles and shells, 11,000 tents, 11,000 sets of saddlery, 315,000 helmets, 169,000 blankets, 290,000 pairs of boots, 42,000 tons of fodder and rations, and 940,000 garments of various descriptions. These articles have not been required either wholly or mainly for the Indian forces. They have been ordered for all the troops in the field. The whole of them have been manufactured in this country, and the benefit has not of course been altogether one-sided, since their manufacture has given employment and wages to thousands of Indian artisans. During the same period we have sent out 11,600 horses, 6,700 mules and ponies, and 2,700 bullocks. We have also despatched small bodies of men to take part in minor campaigns that have been waged in Somaliland, Jubaland, and other parts of Africa; and we have undertaken to raise, for the Colonial Office, 5 Native regiments for service in the Asiatic Colonies or possessions of Great Britain.

"But our services do not stop short at the loan of military resources and men. India is becoming a valuable nursery of public servants in every branch of admin-

istration, upon whom foreign Governments as well as the British Empire show an increasing inclination to indent. We have over a dozen officers from India in the service of Siam. We have Medical officers serving in Persia, Abyssinia, East Africa, and the Straits Settlements. We have Engineers in Egypt, Nigeria, Uganda, and China. We have postal and telegraphic officers at the sources of the Nile, on the Zambesi, and at the Cape. Scarcely a week passes but I do not receive a request for the loan or gift of the services of some officer with an Indian training. This is a tribute to our system, and a striking vindication of its value.

"Now, when the Empire calls upon us to make these contributions or loans, I do not pretend that on our side of the ledger is to be written only loss. Very far from it. The entire expenses of the troops while they are out of India are, of course, borne by the Imperial Government, and everything ordered from us, is paid for by them. Nay more, the absence of these large bodies of men in South Africa and China for so long a period of time has resulted in the present case in very great savings to ourselves, owing to the relief of all financial responsibility for the absent units. These savings have amounted to a sum of $3\frac{1}{4}$ crores, or £2,180,000, and without them we should not have been able to embark upon the policy of military reorganisation that I have before sketched.

"We, therefore, have profited as well as the Empire, although our profit has been pecuniary, while hers has been moral and material. Our gain has been due to the accident of the prolonged absence of our troops. But our contribution was made independently of any thought or prospect of gain, and was a service to the Empire. By reducing our garrisons, we were content to run a certain risk—for who knows what may happen on an Asiatic frontier—but we did it in the interests of the Empire, with whose stability our own is bound up. During the past three years it has been the constant duty of the Government of India to balance the Imperial and the Indian aspects of our obligations: and if we have been helpful to the Empire without detriment to the true interests of this country, then I am sure that there is no one who will not be willing to endorse and even to share our responsibility. We do not go upon our knees and supplicate for favours in return. But we beg that the part played by India in the Imperial system, and the services rendered by us in time of trouble, may not be forgotten by the British nation, and that they may find in it, when the occasion arises, good grounds for reciprocal generosity and help."

The Council adjourned *sine die*.

H. W. C. CARNDUFF,

*Offg. Secretary to the Government of India,
Legislative Department.*

CALCUTTA;
The 27th March, 1902. }

APPENDIX I.

Note by the Hon'ble RA: BAHADUR B. K. BOSE on the Resolution, dated the 16th February, 1902, dealing with the Land Revenue Policy of the Government.

The Resolution of the Government of India on Land Revenue Administration is a State document, whose importance it would be difficult to overrate. In the Central Provinces, for the vast majority of the population, agriculture is the sole source of wealth. From the profits made from land, the people there have to meet their own needs and pay most of the taxes that go to build up the provincial revenues. It is from these profits that almost the whole of the income under the heads of stamps and registration comes. It is not possible for the people to pay year after year an unduly high land-tax and bear all these other necessary charges and at the same time grow in prosperity. For, speaking generally, the Government demand forms the largest item of the landholder's expenditure. It is inflexible. Seasons may vary, the village-assets may not be fully realized, but the demand does not vary, but must be paid at the appointed time. I should not be understood to complain of this. I merely state what are the inherent difficulties of the position under existing conditions. If to these circumstances is added a high assessment fixed on the basis of full assets which the estate is capable of yielding and on the average of fair seasons, the pressure of the State demand, though bearable when seasons are propitious, becomes, when crops are indifferent, severe. It must be admitted that the Government, by limiting the settlement engagement to a fixed term, became entitled at the expiry of that term to share in any profit, which was not the product of the landholder's personal labour and capital but which resulted from the progress of the country. I mean the rise in prices and extension of cultivation under the influence of general prosperity and the opening up of the country. But at the same time, I submit, the only just and, in the long run, the only paying fiscal policy is that which imposes an assessment, reasonable in view not only of the strict rights of the State, but also of the paying capacity of those who have to bear its burden.

Except in a very few tracts, the Government in the Central Provinces does not deal directly with the cultivators but through a class of intermediate holders, called malguzars. Reference is made in the Resolution to the necessity that exists under such a system of placing some limit on the power of the intermediate holder unduly to enhance the rent of the actual tiller of the soil. In the Central Provinces, such a limitation was imposed as far back as 1883, and under the recent changes in the Tenancy Law, the fixation of rent in the case of tenants of all classes rests with the Revenue-officer. I believe this to be the right policy, and I had the honour to advocate its adoption in 1830, when the question of having a special Act for our province in place of Act X of 1859 was first raised. It would thus appear that any concession the Government may be pleased to make in fixing its share of the profits of land will, in the Central Provinces, be apportioned among the different sections of the landholding classes in such manner as Revenue-officers of Government may think fit. In connection with this question, it is only fair to state that, except perhaps in a few places, our malguzars as a class did not, when they had the power, deal unfairly by their tenants. In his important letter of 18th May, 1887, to the Government of India regarding the new settlement, Sir Alexander Mackenzie, then Chief Commissioner, said, "except in a few well-marked tracts, there has been very little general enhancement of rents since settlement, and that what increase has taken place in rent-rolls is due for the most part to extension of cultivation, not to rent-enhancements. The tenants have in fact hitherto been too strong for the malguzars and have been able to keep to themselves the advantage arising from the opening up of the Province by railways and roads and the general rise in the price of produce" (paragraph 6). Four years afterwards, Sir Antony MacDonnell, then Chief Commissioner, said in his Revenue Administration Report for 1890-91, "the rents paid by the raiyats in these provinces are on the whole very moderate" (paragraph 19).

Regarding the principle of assessment in zamindari estates, it is pointed out in the Resolution that what is known as the "half assets" rule was the canon of assessment in the districts which adjoin the North-Western Provinces. But for the districts of the Nagpur Province which had escheated on the death of the Bhosla Raja, there was a separate order issued in 1860, which laid down that the malguzars were to be allowed in all cases "at least 40 per cent. of the true gross rental", and that this limit might in special cases be extended "even to 50 per cent." I, however, venture respectfully to point out that, after the constitution of the Central Provinces into a separate Administration in 1862, Sir Richard Temple, the first Chief Commissioner, issued, with the sanction of the Governor General, a Settlement Code which was to have operation throughout the Province without any reservation (*vide* paragraph 135 of his Administration Report for 1862-63). In this Code the only principle of assessment laid down was the half-assets rule of the Saharanpur Rules. The 60 per cent. rule of 1860 found no place in it. A reference to the reports of the Settlement-officers of the principal districts constituting the old Nagpur Province would go to show that they considered this rule as applicable to their districts. At the same time, I do not deny that the rule was not intended to operate as a statutory limitation on the Government demand but was only an instruction for the guidance of the officers of Government. And, as a matter of fact, it was departed from in some of the districts. An examination of the assessment statements show, however, that this departure took place in places where a strict adherence to the rule would have entailed a considerable reduction of the existing demands, which were being paid without any hardship, and would thus have caused an unreasonable sacrifice of the rights of Government.

In 1881, the law relating to land-revenue was for the first time codified. It was then prayed by some of the malguzars that it would allay anxiety and induce a feeling of security if the main principles of settlement as laid down in Sir Richard Temple's Code, namely, that the term should be thirty years and that the assessment should not exceed fifty per cent. of the assets, be in some shape recognised in the proposed measure of legislation. This could not be done, but assurances were kindly given that the Government would always deal fairly by the landholding classes.

The old settlements began to expire about the year 1885. Sir Charles Crosthwaite was the first Chief Commissioner who had to consider the question on what principle the new settlement was to be made. As far as can be made out from published papers, he was for maintaining the half-assets rule. He thought that the "assessment on new cultivation without material enhancement of rent would, on the half-assets principle, give the increase of land-revenue which the progress of the province might justify the Government in expecting." His successor, Sir Dennis Fitzpatrick, as has been publicly stated by Mr. G. M. Chitnavis, my predecessor in this Council, was also of the same opinion. Sir Alexander Mackenzie, however, who succeeded Sir Dennis, thought differently. In his letter of 18th May, 1887, he asked that the half-assets rule might "be authoritatively declared inapplicable to the Central Provinces at the present settlement and the Local Government might be left to make a reasonable and moderate settlement all round," "25 to 30 per cent. of the assets" being considered "a fair allowance for malguzari profits, risks and costs of collection." In a subsequent letter (of 16th March, 1888) this was modified and it was proposed to vary the percentage of assets "between 50 and 65." The Government of India, however, expressed its hesitation in allowing, in any case, so high a percentage as 65 to be taken, and said that it would at least prefer that this maximum be restricted to those cases in which the former percentage was not below that fraction and in other estates 60 was to be the highest admissible percentage. After some representations had been made on the subject, the Government of India was pleased to rule in 1894 that the percentage was not to exceed 60, except where the existing revenue exceeded 65 per cent., in which case the revised demand might be fixed at a fraction up to but not going beyond 65. His Excellency the Viceroy, while considering it unnecessary to issue any special regulation, has been pleased to point out in the Resolution that there is a growing tendency throughout the temporarily-settled zamindari

dari tracts to approximate to the standard of 50 per cent., and that in the Central Provinces, where a high percentage was inherited from the Mahratta Government, there has been a progressive reduction of assessment. Considering how any uncertainty and oscillation in the policy that should govern the principle of apportionment of profits from land between the State and the landholders is apt, by its disquieting effects on the minds of the latter, to arrest all progress, it is fervently to be hoped that the generous terms in which His Excellency the Viceroy has been pleased to deal with the question will crystallize into a fixed and permanent guiding rule for all future settlements.

The question of incidence of the revenue on the gross produce is, as pointed out, beset with difficulties. The calculations made by the Commissioner of Settlement and Agriculture in June, 1897, with a view to the ascertainment of food-stocks and which calculations are summarised in his letter forming one of the annexures to the Resolution, give the value of the gross

*Area under food crops	. . .	14,440,220
Ditto til	. . .	600,000
Ditto cotton	. . .	650,000
Ditto linseed	. . .	1,000,000
Total	. . .	16,690,220

produce over an average number of years on a cropped area of 16,690,220* acres at 17 crores† of rupees. The revised revenue as per return placed before this Council in March, 1900, and the old revenue of Chanda, which is yet not re-settled,

amount to Rs. 94,33,549. This represents 5.54 per cent. of the value of the gross produce as given above. But I have to submit in the first place that I have often been told by landholders that the crop experiments upon which the official standard is mainly based are generally confined to parts of a field where the crops come out the best and they do not in every case furnish a fair standard to estimate the average yield of the entire field. Further, the valuation, if I mistake not, is based on prices current at the tahsil head-quarters or at important local markets, whereas it is the price at the threshing-floor that represents the value of the produce to the producer. Apart from these somewhat doubtful elements, agriculture is subject to vicissitudes far greater than those attending most other industries. The least aberration in the weather may destroy the fruits of all the cultivator's labour and capital. In no single year are the climatic conditions favourable to all crops, nor are their outturns uniformly equal to the official standard. Lastly, the area $16\frac{7}{10}$ millions of acres reached about the year 1894 has not been under the plough since, and is not likely to be so for some years to come, even under most favourable conditions. If allowance be made for these factors, the sum that ordinarily reaches the hands of the landholders would be found to be below the official estimate of 17 crores and the incidence of the revenue on the gross produce would be proportionately higher, but how much higher it is not easy to determine. Be that as it may, I submit, the pressure of the Government demand depends not so much on the gross produce as on what remains after meeting the cost of cultivation. For this cost varies within very wide limits according to the capabilities of the soil and the local surroundings, it being larger in the case of inferior as compared with superior lands. Thus the same rate of assessment may be moderate in one case and heavy in the other, even though the gross produce be the same in both cases. The average cost of cultivation in the Central Provinces may, speaking generally, be said to be a third of the gross produce. The provincial net produce would thus be worth $11\frac{1}{3}$ crores, and the revenue would absorb 8.32 per cent. of this. The proportion which the revenue bears to the produce that remains with the people after meeting the seed requirements and the ordinary needs of consumption would be another, and perhaps a more accurate, index to its pressure. It has been estimated by the Commissioner of Agriculture that these requirements take about 2,540,000 tons. Deducting this from the yield of the food-crops and adding to the result the yield of the non-food crops, the value of the surplus thus left would be 4 crores and 30 lakhs on the assumption that all

*Note. - Taking 80 per cent. to represent population dependent on agriculture, the number of such persons in 1894, when the cropped area was $16\frac{7}{10}$ millions of acres, was about 8 millions. This would give an income per head of Rs. 21-10.

the crops yield the normal outturn. But as in no year does this happen and as further the whole of the area forming the basis of the calculation has not been under the plough since 1874, a better method to find out the real surplus would be to examine the volume of exports of agricultural produce. In a normal year, a portion of the year's produce is stored for seed and for future contingencies. But as this happens every year and as the new year opens with the past year's stock, the average exports for a series of years may fairly be said to represent what the people are able to spare and turn into cash. Mr. Fuller, in his report on the progress of the Province for 30 years ending 1891-92, puts down the average value of exports of agricultural produce for four years ending 1891-92 at Rs. 3,64,35,300. The average of 4 years ending 1895-96, just before famine began to dislocate normal conditions, is about Rs. 3,57,00,000. The proportion which the land-revenue bears to this is 26 per cent. (A portion of the exports comes, I suppose, from some of the Feudatory States, but it is not possible for me to eliminate this item.)

The next question referred to in the Resolution is the period of settlement. In Sir Richard Temple's Settlement Code is embodied a Government order sanctioning 30 years as the term of the settlement throughout the Province. The subject is thus referred to in his first Administration Report: "The period over which the limitation of the Government demand according to the new assessment is to extend is 30 years for all districts alike. This has been sanctioned by Government." In another place he says, "Every effort has been made to elucidate to them (the landholders) the vast improvement in their condition and prospects, and in every district I have had large numbers of them assembled together and have explained the whole subject to them. In the present condition of the provinces it is a measure of primary and fundamental importance to determine the property in land as a right in itself immutable subject only to the payment of a moderate land-tax fixed for long periods." When this was written, the country was still wholly undeveloped. The first districts to be re-settled were Bilaspur and Raipur, and here the period of the new settlement was fixed at from 10 to 12 years. This reduction in the period had the effect of disturbing the minds of the landholding classes, and subsequently the Government was pleased to fix 20 years as the maximum period, the actual term varying from 16 to 20 years to enable new settlements to be made by rotation by the same staff from group to group. At the present day 14 out of the 18 districts constituting the province have been opened up and linked by railway with the main centres of trade. The more advanced districts have been so since years past, and they have largely responded to the improvements in the extrinsic condition of the country, and before the deterioration caused by the misfortunes of recent years, cultivation in them had reached almost the safe limit, when further extension was only possible by encroachment on pasture land or by the breaking up of inferior land. I venture to hope that when the question comes up for discussion again, as is foreshadowed in paragraph 18 of the Resolution, the above circumstances will receive favourable consideration and the Government will see its way to revert to Sir Richard Temple's policy of long term settlements. For however much the administrative machinery may be perfected, there can be no question that the people look to the operations of a new settlement, conducted as they must be to a large extent by the subordinates of the department, with anxiety and feel more secure in the enjoyment of the fruits of their labour and capital under a long term settlement.

Regarding cesses, at the old settlement they were fixed at $4\frac{1}{2}$ per cent. on the land-revenue. Since then an additional rate for famine relief of 2 per cent. and a regular patwari-cess at an average rate of 5 per cent. have been imposed. The road-cess has further been raised from 2 to 3 per cent. The proceeds of the road and school cess are handed over to the District Councils, which are representative local bodies, and are spent by them locally. The proceeds of the Post Office cess go, if I mistake not, to the provincial revenues. As the Post Office is now a self-supporting imperial institution, the reason for the maintenance of a postal cess is not apparent. As regards the patwari-cess, the original object of its introduction, as set forth in the Land Revenue Act of 1831, was to enable the Government to maintain an efficient staff for the preparation of village-papers.

But under the system as it obtains now, the patwari has practically ceased to be a village-servant, doing only such duties as appertain to his village. He is appointed by Government to have charge of a circle of villages and is as much a member of the district revenue staff as any other official of the Land Record Department. While it is in every way desirable that the patwari should not be the malguzar's private servant, to make the landholders bear the entire burden of the cost of a staff of revenue officials, who devote only a fraction of their time to the work which the malguzars are under an obligation to do under the law, seems not to be quite in accord with the principle upon which the imposition of local rates rests. This divergence between principle and practice becomes greater when, as in the Central Provinces, the considerable surplus that used formerly, before the amendment of the Land-revenue Act in this behalf, to accumulate out of the proceeds of the cess after meeting the pay of the patwaris, is appropriated towards the cost of maintaining the controlling staff of the Land Record Department. It would appear from the Resolution (paragraph 25) that in some provinces the imposition of extra duties, unconnected with the preparation of village-accounts, on the patwari, has been acknowledged by grants towards his remuneration. But in the Central Provinces not only is this not done, but the surplus left is spent on what may fairly be called foreign purposes. What the landholders pray is, that the incidence of the patwari-cess be so regulated as just to cover the patwari's remuneration for the performance of what was, before the present system was introduced, considered village-work proper. As regards the village-watchman, under the ancient custom he was mainly remunerated by a grant of revenue-free land, but now the malguzars have to make payments in cash towards his pay, his land being duly assessed. This is an additional charge imposed under the arrangements connected with the new settlement. I may add, no illegal cess is realized from the tenants by the malguzars, and the distribution of the burden of the cesses allowed by law is regulated by rules made by the Chief Commissioner.

Reference is made in the Resolution to the advantage which accrues to the landholder from the circumstance that his assessment is now based on actual, as distinguished from prospective, assets. In theory the advantage of this system is clear, but it is doubtful whether in practice it has resulted in making the new settlement in the Central Provinces less burdensome on the whole than the old. The latter was no doubt to some extent based on assets, which could be realized only in the future; but it was well-known that this future was a very near future. Everybody realized the great potentialities of almost immediate improvement under the quickening influence of a beneficent, vigorous and progressive rule succeeding an era of uncertainty and insecurity. Moreover, in every case almost the introduction of the revised assessment was followed by the enhancement of the tenants' rents (upon which it was based) being distributed among the tenants by private agreement. Possibilities of future increase of profits from re-adjustment of rent and extension of cultivation, which were largely latent in the old settlement, may now almost be said to be non-existent in the advanced districts. A percentage, which may be borne with ease under an elastic settlement, during whose currency the burden of the assessment becomes less and less onerous every year, may press hard under a rigid settlement, where the assets can receive no substantial increment during its currency, especially if the period happens to be short. Thus the right adjustment of this percentage is now a matter of vital importance to the proprietors. For them it is not so much the ratio which the assessment bears to the gross or the net produce that determines its pressure, as the balance of assets left to them to enjoy after meeting all public demands on land.

The percentage taken as revenue has no doubt been considerably reduced in districts where it was high at the old settlement, such as Betul, Chhindwara, Wardha and Nagpur. This generous concession has not, however, resulted in any loss of revenue, for, in spite of the reduction, enhancements of 46, 37, 25 and 18 per cent., respectively, have been secured in these districts. The fraction is below 50 in three and above 50 in eleven districts. In three out of the latter districts it is only slightly above 50. A fair comparison between the old and the

new settlement is, however, made difficult by the circumstances that under the former, *sir* land, which is generally the best land in the village and which now covers about a fifth of the entire cultivated area, was, in the process of distribution of assessment between *sir* and the raiyati land, lightly rated. Now, however, the *sir* has been valued at an all-round rate for tenants of all classes. I do not question the propriety of the present method, but I refer to it as a factor which works to the detriment of the malguzar in two ways. The higher rental valuation makes *sir* less profitable to him. It also raises the assessable assets at his expense, and, while really adding to his burden, it ostensibly reduces the ratio which the revenue bears to the assets. To make the comparison fair, it would be necessary to re-value *sir* of the old settlement in the same way as has been done now. This I made an attempt to do in the case of Bilaspur, while submitting my remarks on the budget in March, 1900. My figures were taken from official records, and according to them, whereas the old percentage after allowing for full valuation of *sir* was 48, the present percentage is 54.

As regards the important question of pitch of assessment, the country is grateful to His Excellency the Viceroy for laying stress upon the principle of gradual and progressive enforcement of sudden increase of other than moderate dimensions, a principle which was advocated by the Dekkhan Riots Commission of 1875 in the following words:—"We are strongly of opinion that on revision of assessment when the Government demand is enhanced more than 25 per cent., the increase should be imposed gradually." Except in one, or may be two, districts, this principle was overlooked in the Central Provinces. The enhancements were unquestionably high in a considerable number of cases, and the Secretary of State last year said in Parliament that their introduction should have been gradual. The omission to do so must have caused some suffering at least. For when people have become accustomed to regulate their expenditure on a certain scale, they necessarily need time so to re-adjust their style of living as to make it conform to the reduction in their income brought about by a sudden heavy rise in the public demands. I beg to annex a statement prepared on the basis of figures furnished in this Council showing the fraction of the assets absorbed by the land-revenue just previous to revision and the same after revision. They show how largely were the profits cut down by the new settlement. To convey some idea of the loss in money, I beg also to give the actual figures in the case of five districts, which seem to have suffered most in this way. I have taken into account the diminution in the profits resulting from the consequential increase in the cesses. In Jabalpur the balance left out of the raiyati rents after meeting the old jama and cesses just previous to revision was Rs. 7,08,000. In 1894-95, after the whole district had been re-settled, this was reduced to Rs. 3,75,000. There has been a similar reduction in Narsingpur from Rs. 4,27,900 to Rs. 2,76,000; in Hoshangabad it was from Rs. 6,30,000 to Rs. 2,20,000; in Bilaspur it was from Rs. 3,26,000 to Rs. 1,42,000; and in Raipur from Rs. 8,55,000 to Rs. 6,11,000. (In the first two districts the patwari-cess has not been taken into account, as I have not been able to get its exact incidence.)

The last point I shall take the liberty to touch upon is the rigidity of the assessment and its collection. It is pointed out in the Resolution that though under the strict letter of the settlement-contract the landholder is bound to pay the assessment, whether he is able to recoup himself from the income of the estate or not, yet in this matter the interests of the Government are identical with the interests of the people. It is doubtful whether the salutary principle of adjusting the collection to the circumstances and necessities of the people has everywhere been strictly observed since the introduction of the new assessments concurrently with the seasonal misfortunes of the Province. An examination of the revenue reports discloses the following facts. In Hoshangabad, a district which is now in a lamentable state of deterioration and where abatements are now being generously granted, in 1897-98, just after the first great famine, the realizations from tenants fell short of payment to Government for revenue and cesses by about Rs. 52,000. Next year, the realization from tenants on current demand was 41 per cent. and the payment to Government on the same account was 70 per cent. In Saugor, another unfortunate district,

in 1893-94, the percentage of outturn of all crops taken together was 31. The realizations from tenants barely reached a tenth of the demand, but the payment to Government on account of revenue and cesses was 32 per cent. of the demand. In 1894-95 the outturn was 39 per cent. The report does not show what was realized from the tenants, but 94 per cent. of the current Government dues was recovered. In 1895-96 the cropped area went down by 120,000 acres. The realization from tenants on account of current demand was about 50 per cent. as against 80 per cent. paid to Government on the same account. In the famine year (1896-97), Government realized only a sixth of the demand. The next year it realized 79 per cent. of the demand. What the malguzars recovered from the tenants is not shown. In Jabalpur, during three years ending 1890-91, the average outturn of all crops taken together did not exceed 12 annas. In 1892-93 it was 11 annas. In 1893-94 it was 10 annas. In 1894-95 it was 7 annas. In 1895-96 it was only 6 annas. 1896-97 was the great famine year. The new assessments began to operate from 1st July, 1891, and by 1st July, 1894, the whole district had been re-settled. In the first year of the new settlement (1894-95) the rental realization was less than half the demand, and it was wholly spent in meeting the Government dues, leaving to the malguzars only the profits of *sir*, whatever they were. In 1895-96 the payment to Government exceeded the rent-realization by Rs. 1,41,000. In 1896-97 (the famine year) the excess was Rs. 63,000. In 1897-98 it was Rs. 1,28,000. In 1898-99 for the first time since the new settlement, there was a surplus (of Rs. 17,000) left in the hands of the proprietors. Seeing how poor the crop outturns were, it is difficult to resist the conclusion that some portion of the demand at least must have been paid with the help of money-lenders. The figures regarding alienation of land seem to bear this out. In the year preceding the new settlement, the area alienated by private sale and mortgage with possession was 26,000 acres. In 1894-95 it rose to 57,000, and this figure was substantially maintained during several subsequent years.

The critical position of affairs is, however, now fully recognised by the officers of the Administration. The miseries through which the Province has passed have deeply stirred their sympathies, and the noble efforts to save the people have evoked in them a reciprocal feeling of gratitude for and trust in their rulers. And I make no doubt that these feelings will abide and help in the work of restoration. And with the hands of the local officers strengthened by the spirit of broad sympathy and large-hearted liberality, which breathes through His Excellency's Resolution, it will not be long before the Province, under the vivifying influence of a land policy, generously conceived and generously carried out, enters once more upon an era of progress and prosperity.

FINANCIAL STATEMENT OF THE

ANNEXURE TO APPENDIX I.

Statement showing the percentage of assets absorbed by Land-revenue just previous to re-settlement and the same after re-settlement.

District.	Percentage before re-settlement.	Percentage after re-settlement.
Saugor	41	51
Damoh	37	53
Jabalpur	32	50
Mandla	32	51
Seoni	28	47
Narsingpur	34	50
Hoshangabad	28	49
Nimar	50	62
Betul	42	54
Chhindwara	43	54
Wardha	52	59
Nagpur	58	61
Raipur (Khalsa)	36	53
Bilaspur ()	31	54

B. K. BOSE.

APPENDIX II.

Statistics referred to in the speech of the Hon'ble MR. GOKHALE.

The Census.

Population of British India in Millions.

		Census of 1881	1891	1891	1901	1901	Increase during the decade	
			1881	1891	1901	1901		
			1891	221'25			22'21 millions = 11'3 per cent.	
			1901	231'01			Increase 9'76 millions = 4'4 per cent.	
			A fall-off during the past decade, as compared with the previous decade—				12'55 million	6'9 percentage.
A	Assam Sind Lower Burma Upper Burma	In 1891	In 1901	Increase or Decrease.	Percentage of increase or decrease.	REMARKS.		
		15'95	18'25	+2'30	14	Normal increase.		
B	Bengal N.-W. Provinces Oudh	118'24	122'40	+4'17	3'5	7'6 millions less.		
C	Bombay Central Provinces Berar	29'65	27'72	-1'73	-5	4'7 millions less.		
D	Punjab Madras	56'49	60'64	+4'15	7	1'4 millions less.		

A—showing a normal development.

B & D have a total increase of 8'3 millions on an aggregate roll of 174'7 millions.

C has lost 1'7 millions in lieu of a normal increase of 3 millions = 4'7 millions the total loss.

Vital Statistics.

Year.	Total deaths in millions.	Ratio per mille.	REMARKS.
1882	4'757	23'17	Average for five years (1882-86) 24'84.
1883	4'595	23'17	
1884	5'237	26'44	
1885	5'182	26'12	
1886	5'016	25'34	
1887	5'508	28'35	Average for five years (1887-91) 28'56.
1888	5'087	25'74	
1889	5'534	27'98	
1890	5'858	30'27	
1891	5'896	30'49	
1892	6'942	32'40	Average for four years (1892-95) 30'26.
1893	5'498	25'75	
1894	7'258	33'97	
1895	6'178	28'94	
1896	6'814	32'09	Average for four years (1895-99, a period of plague and famine) 31'14.
1897	7'638	36'03	
1898	5'669	26'44	
1899	6'437	30'01	

The figures for years subsequent to 1899 are not yet available, but the mortality during the famine of 1900-01 has been admittedly dreadful in certain parts of India.

FINANCIAL STATEMENT OF THE

Salt Consumption.

Year.	Total consumption in millions of maunds.
1881-82	28.37
1882-83	29.79
1883-84	30.65
1884-85	33.00
1885-86	31.69
1886-87	33.72

Increase in 5 years succeeding reduction of duty = 5.35 million maunds or 18 per cent.

1886-87	33.72
1887-88	33.063
1888-89	31.351
1889-90	33.046
1890-91	33.280

During the four years since 1887-88, when the duty was enhanced, a steady decline in consumption took place, though the population of Upper Burma was added to the whole consuming population.

1891-92	34.429
1892-93	35.057
1893-94	33.628
1894-95	34.150
1895-96	34.685
1896-97	34.062
1897-98	34.524
1898-99	35.26
1899-1900	35.05
1900-01	35.72

A slight advance.

During the 14 years since 1886-87 the consumption has increased from 33.72 to 35.72 million maunds, i.e., just 2 million maunds or less than 6 per cent.

The consumption has not kept pace even with the advance in population and shows no development whatever, such as is exhibited during the five years which followed the reduction of the salt-duty in 1882-83.

Summary of Agricultural History since 1834-85.

During this period, there has been not only no advance in any of the older provinces but a positive retrogression in all the more important elements of moral well-being.

Punjab.—Seven years of agricultural depression out of fourteen: a fall off in cropped areas under rice, wheat, sugarcane and cotton: the crop yield in several years below average.

N.-W. Provinces.—Six bad years out of fourteen: a decline in rice, wheat sugarcane, cotton and indigo areas. 1892-97 were years of deficient harvests.

Oudh.—Six bad years: cropped areas stationary with a tendency to a fall off in cotton and sugarcane.

Bengal.—Ten years of agricultural depression out of fourteen: years of deficient harvest, as well as diminished yield.

Central Provinces.—Seven bad years; seven years of diminished cropped acreages and reduced crop yield during the past decade. Cattle mortality very heavy—3,898 millions head of cattle having perished during 1896-99.

Bombay.—The whole decade 1889-99-1900 was a bad decade for the Presidency. Six bad years culminating in the famines of 1895-98 and 1899-01 the worst famines on record. In the Dekkhan particularly, scarcely a full crop during the past sixteen years.

Madras.—Four bad years: a stationary state of things during the past decade with a decline in cotton and sugarcane areas.

Two famines—famine of 1896-98—Population affected, 45.7 millions: the maximum number on relief, 3.89 millions=8 per cent. nearly.

Famine of 1899-1901—Population affected, 25.1 millions: the maximum number on relief, 4.60 millions=18 per cent.

Cropped area in British India.

Year.	Total cropped area.	Double-crop.	Not cropped area.	Irrigated area.
1890-91	217'622	23'248	194'413	28'30
1891-92	210'965	23'188	187'781	27'23
1892-93	221'224	23'305	195'918	26'83
1893-94	225'447	28'077	197'370	26'70
1894-95	223'761	27'160	196'600	23'82
1895-96	213'867	24'905	188'922	26'73
1896-97	200'416	22'905	177'512	29'36
1897-98	223'742	27'245	196'497	30'41
1898-99	223'334	27'166	196'487	30'41
1899-1900	203'895	23'745	180'151	31'54

1890-91 194'413 million acres.

1898-99 196'487 " "

Increase :—2'074 million acres only.

Increased acreages in *Sind, Assam, Upper and Lower Burma, Coorg and Ajmer.* } —5'34 million acres.

∴ elsewhere a decrease of 3'26 million acres in the older Provinces.

Thus in the older provinces, the net cropped acreage has fallen off simultaneously with an advance in the population.

The *irrigated area* shows some expansion during the decade, but that is due to droughts more than to the demands of an *intensive* cultivation.

As to double cropping:—Mr. Holderness in his Memo. on the Food Production, North-Western Provinces and Oudh (Appendix A.), says:—"The area which bears more than one crop a year is counted twice over..... This is not accurate even in cases of genuine double-cropping, as the produce of two harvests from the same field is less than the produce of two fields of the same area. But double-cropping is not unfrequently fictitious, as it often happens that a field is sown for *rabi* because it has failed in *kharif*, and is liable to be included in the double-cropped area."

Much of the double-cropping during the decade has been owing to the uncertainties of the seasons more or less, and is therefore of a "*fictitious character*."

Areas under superior crops.

Mere cultivated areas are, however, a subordinate factor in the problem: the profits of cultivation depending principally on the *kind of crop* grown, and the crop-yield obtained.

As to *superior cropping*:—A fall-off in areas under *wheat, cotton, sugarcane, oil-seeds, jute, indigo* in most provinces, as may be seen from the table given below.

As to yield:—The estimate of the local authorities, as given in the Lyall Commission's Report, page 357—working out to 800lb per acre—is not endorsed by the Commission: they reject the estimates for *Bengal* as particularly *unreliable* and for *Burma* and *Bombay* as *too high*. The Commission are

FINANCIAL STATEMENT OF THE

distinctly of opinion that whatever may have been the normal annual surplus of food-grains in 1880, the present surplus *cannot* be greater than that figure.

Areas under certain crops in British India in million acres.

Year.	Wheat.	Sugarcane.	Oil-seeds.	Cotton.	Jute.	Indigo.
1890-91	22'03	2'793	11'58	10'968	2'479	1'215
1891-92	20'18	3'134	12'84	8'839	2'100	1'155
1892-93	21'48	2'861	13'54	8'940	2'181	13'23
1893-94	22'21	3'033	14'81	10'438	2'230	15'35
1894-95	22'76	2'889	13'72	9'717	2'275	17'05
1895-96	18'53	2'930	12'84	9'600	2'248	15'69
1896-97	16'18	2'631	10'53	9'459	2'215	15'83
1897-98	19'94	2'648	12'56	8'914	2'159	13'66
1898-99	20'22	2'756	12'16	9'178	2'690	10'13
1899-1900	16'10	2'693	10'32	8'375	2'070	10'46

A marked decline in areas under—

Wheat	since 1894-95
Sugarcane	" 1891-92
Oil-seeds	" 1893-94
Cotton	" 1893-94
Jute	" 1894-95
Indigo	" 1894-95

CERTAIN EXPORTS AND IMPORTS.

(Value in crores of rupees.)

Year.	EXPORTS.								IMPORTS.	REMARKS.
	Cotton, raw.	Indigo.	Wheat.	Linseed.	Sugar.	Hides and skins.	Manures (bones) (in lakhs.)	Fodder, bran, Cattle food.	Imports of Sugar.	
1880-81	13'24	3'57	3'27	3'69	50	3'78	3'4		1'16	Exports in Raw Cotton, Indigo, Wheat, Linseed, Sugar, show large decline during the last decade, while the Export trade in Hides and Skins, Manures (bones) and Fodder exhibits an enormous development. Imports of Sugar show an enormous expansion.
1881-82	14'94	4'50	8'62	3'00	72	3'93	2'5		1'24	
1882-83	16'05	3'91	6'08	3'52	98	4'44	4'3		1'08	
1883-84	14'40	4'64	8'89	4'38	117	4'66	13'4		1'14	
1884-85	13'29	4'06	6'31	4'91	79	4'93	8'4		2'14	
1885-86	10'78	3'76	8'00	5'33	73	5'33	10'8		1'45	
1886-87	13'47	3'69	8'62	5'17	70	5'14	9'9		2'08	
1887-88	14'14	3'89	5'56	4'93	62	4'86	13'2		2'11	
1888-89	15'04	3'04	7'52	5'05	75	4'74	17'5		1'79	
1889-90	18'67	3'86	5'79	4'73	118	4'52	24'5		2'20	
1890-91	16'53	3'07	6'04	4'98	61	4'69	33'9		3'39	
1891-92	10'76	3'21	14'38	6'79	70	5'18	23'6		2'56	
1892-93	12'74	4'14	7'44	5'52	83	5'59	25'0	(In lakhs.)	2'62	
1893-94	13'31	4'18	5'19	7'50	123	5'80	28'0	19	2'82	
1894-95	8'70	4'74	2'56	6'74	82	6'58	47'8	21	2'87	
1895-96	14'09	5'35	3'91	4'13	79	7'64	46'0	26	3'10	
1896-97	12'97	4'35	83	3'55	91	7'00	42'2	30	3'15	
1897-98	8'87	3'05	1'34	2'86	41	8'31	39'5	44	4'78	
1898-99	11'19	2'97	9'71	5'13	38	7'41	40'8	44	4'01	
1899-1900	9'12	2'69	3'90	4'50	45	10'46	61'2	57	3'37	
1900-1901	10'12	2'13	03	4'45	25	11'46	59'0	70	5'65	

Exports of cotton—Falling off since 1889-90.

In 1889-90—18'6 crores.

„ 1900-1901—10'1 crores,
or less by 8½ crores.

Export of Indigo—A decline during 1884-85 to 1892-93,

again during 1896-7 to 1900-01.

In 1883-84—4'64 crores.

Last year—2'13 crores only,
or less by 2'51 crores.

Export of Wheat—Declining since 1892-93—

In 1883-84—8'89 crores.

In 1899-1900—3'9 crores only,
or less by 5 crores.

Export of linseed—Falling off since 1893-94.

In 1893-94—7'5 crores.

Last year—4'45 crores only,
or less by 3 crores.

Export of sugar—In 1883-84—1'17 crores.

Last year—25 crore only,

i.e., nearly wiped out.

Export of Hides and Skins—An enormous increase.

In 1880—3'75 crores.

In 1900-01—11'46 crores,
or more by 7½ crores.

Export of Manures (bones)—A large increase—from 3 lakhs in 1880, to 59 lakhs last year.

Export of Fodder—Also a large increase—from 19 lakhs in 1893-94, to 70 lakhs last year.

Imports of sugar—Show an enormous expansion.

In 1880-81—1'61 crores.

Last year—5'65 crores,
or more by 4 crores.