

GOVERNMENT OF INDIA.
FINANCE DEPARTMENT.

FINANCIAL STATEMENT

FOR

1907-1908.



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GOVERNMENT OF INDIA,
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FINANCIAL STATEMENT FOR 1907-1908,
CONTENTS.

PART I.

	PARA.	PAGE
Introductory	1	3
Changes in the form of Railway Accounts	7	4
Accounts of 1905-1906	10	5
Revised Estimate for 1906-1907	14	6
Budget Estimate of 1907-1908	29	8
Ways and Means	44	11
Provincial Expenditure on Famine Relief	48	11
Military Expenditure	58	13
Railway Construction and Earnings	68	15
Irrigation	78	18
Provincial Surpluses and Deficits	83	19
Note Circulation	89	21
Coinage and the Mints	91	21
The Gold Standard Reserve	97	23

PART II.

DETAILS OF ACCOUNTS AND ESTIMATES.

	PARA.	PAGE
I.—Accounts of 1905-1906	113	27
II.—Revised Estimate of 1906-1907	122	28
III.—Budget Estimate of 1907-1908	154	35
IV.—Statements comparing the Estimates under the more important heads of Revenue and Expenditure with the actuals of past years—		
LAND REVENUE	202	44
OPIUM	203	45
SALT	205	46
STAMPS	206	47
EXCISE	207	47
PROVINCIAL RATES	208	48
CUSTOMS	209	48
ASSESSED TAXES	210	49
FOREST	211	49
INTEREST RECEIPTS	212	50
INTEREST EXPENDITURE	213	51
POST OFFICE	215	51
TELEGRAPH	216	52
MINT	218	53
CIVIL DEPARTMENTS	219	53
MISCELLANEOUS CIVIL CHARGES	220	54
FAMINE RELIEF AND INSURANCE	221	54
RAILWAY REVENUE ACCOUNT	222	56
IRRIGATION	225	56
OTHER PUBLIC WORKS	228	57
ARMY SERVICES	230	58

FINANCIAL STATEMENT OF THE

V.—Capital Expenditure on Railways and Irrigation Works not charged to Revenue—	PARA.	PAGE
RAILWAY CONSTRUCTION	231	59
IRRIGATION CONSTRUCTION	236	60
VI.—Provincial Finance	238	61
VII.—Ways and Means—		
HOME TREASURY	247	64
INDIA	260	70
VIII.—Summary	268	73

APPENDIX I.

ACCOUNTS AND ESTIMATES.

	PAGES
I.—General Statement of the Revenue and Expenditure charged to Revenue of the Government of India, in India and in England	78—79
II.—General Statement of the Receipts and Disbursements of the Government of India, in India and in England	80—81
A.—Statement of the Revenue of India, in India and in England	82—83
B.—Statement of the Expenditure charged to the Revenues of India, in India and in England	84—87
C.—Statement of Receipts and Disbursements of the Government of India, in India and in England	88—91
D.—Account of Provincial and Local Savings charged to Revenue, and held at the disposal of Provincial Governments under their Provincial settlements	92
E.—Abstract Statement of the Receipts and Disbursements of the Government of India, in India and in England	93

APPENDIX II.

Memorandum by the Military Finance Secretary on Military Expenditure for the years 1906-1907 and 1907-1908	95—105
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APPENDIX III.

Memorandum by the Railway Board on the results of Indian Railway working, 1906-1907, and proposals for 1907-1908	107—110
A.—Statement of Anticipated Capital Expenditure on Railways, 1907-1908	111—116
B.—Statement showing proposed lines which are under negotiation for construction by private companies	117
C.—Memorandum on the construction of Railways	119—124

APPENDIX IV.

COMMERCIAL AND FINANCIAL STATISTICS.

I.—Miscellaneous	126
II.—Guaranteed Railway Companies; Financial Results	128
III.—Capital expenditure on State Railways	129
IV.—Capital expenditure on Irrigation Works	133
V.—Receipts and Working Expenses of Railways	135
VI.—Receipts and Working Expenses of Irrigation Works	139
VII.—Capital Account of Guaranteed and Subsidized Railways	142

PROCEEDINGS OF COUNCIL, 27TH MARCH 1907.

Discussion of the Financial Statement	145
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FINANCIAL STATEMENT FOR 1907-1908.

PART I.

Introductory.

I beg to present the Financial Statement for 1907-1908, together with the usual figures relating to the accounts of 1905-1906, and the Revised Estimate of 1906-1907.

2. At the beginning of 1906-1907, agricultural prospects were distinctly unpromising in certain parts of the country, including the Deccan and Karnatak districts of Bombay, Bundelkhand in the United Provinces, and certain Native States in Rajputana and Central India, where a bad *rabi* crop had followed on a poor *kharif*. When the year opened there were 310,000 persons on relief in British territory and 173,000 in Native States. Fortunately the monsoon rains set in at a normal date, and were well distributed, with the result that from July the numbers on relief works rapidly dwindled, and by October it was found possible to close all relief works in the affected areas mentioned above.

3. The general character of the monsoon was very favourable over almost the whole of India, and nowhere more so than in the Bombay Presidency. The winter harvest has been excellent nearly everywhere, and the *rabi* crop which will shortly be reaped promises to be a distinctly good one. Cotton, which is one of the most valuable staples of the country, seems likely to give a record outturn. The latest estimates indicate that the area under this crop is more than a million acres in excess of that of last year, while the estimated yield of 4,908,000 bales exceeds that of any previous year by over a million bales. The area under sugarcane has increased by 11 per cent, and the estimated outturn by more than 29 per cent. Jute also, which is to Bengal what cotton is to Bombay and the Peninsula, has grown in area by 200,000 acres, and in outturn by 600,000 bales, as compared with the previous year. The Director-General of Commercial Intelligence estimates that the cultivators of the jute-growing districts have received the enormous sum of 40 crores of rupees in payment of their crop during the past season.

4. The only blot on the general prosperity of the year occurred in a few of the eastern districts, where the monsoon rice crops suffered from a deficiency in the earlier rains, and from floods later on. The damage due to these causes, combined with the abnormally high price of rice, rendered it necessary to afford some measure of relief, but the works were not freely resorted to, and the only district where any appreciable number of persons are still on relief is Darbhanga.

5. The effects of the favourable season are written large all over our revenue returns, and nowhere more conspicuously than in the all-important item of Land Revenue. This time last year we estimated that this head would yield 110½ lakhs, or £735,500, more than in 1905-1906, and I will admit that I adopted this high figure with some misgiving. The result has surpassed our expectations by the considerable sum of £135,300, notwithstanding the grant of suspensions and remissions wherever occasion demanded.

6. For the third year in succession, we are in the fortunate position of being able to announce a substantial remission of taxation. It has been decided to make a further reduction of the salt tax to R1 a maund throughout the whole of India. This measure will take effect from to-day, and we estimate that, after allowing for growth of consumption, it will involve a sacrifice of revenue to the extent of 190 lakhs of rupees in 1907-1908, besides a small sum of perhaps 8 lakhs during the few remaining days of the current year. The manner in which the consumption of salt has responded to each lowering of the duty is as remarkable as it is gratifying. The first reduction to R2 a maund was made, broadly speaking, with effect from 1903-1904, and the second, to R1-8 per maund from 1905-1906. Excluding Burma, which was not affected the consumption increased by 9,68,000 maunds in 1903-1904, 15,97,000 maunds in 1904-1905, and 13,32,000 maunds in 1905-1906; and during the first eight months of 1906-1907 it exceeded that of the corresponding period of the previous year by 14,41,000 maunds.

FINANCIAL STATEMENT OF THE

This rate has not been maintained during the subsequent months, but there is reason to believe that this is mainly due to the dealers holding back in anticipation of a further lowering of the duty, and the comparative shortage will no doubt now be quickly made up. It is a source of satisfaction to us to be able to effect this important fiscal reform notwithstanding that allowance has to be made for the impending loss of a part of our Opium revenue. I am not yet in a position to make any definite announcement on this latter subject, but what it is at present possible to say will be found in a later section of the present Financial Statement.

Changes in the form of the Railway Accounts.

7. Before setting forth the figures, I desire to draw attention to an important change which we have introduced this year in the manner of exhibiting the earnings and working expenses of our railways. In Appendix I the figures for the Budget Estimate of 1906-1907 have been altered in the following manner :—

	In last year's Financial Statement.	In the present Financial Statement.
	£	£
Revenue	86,495,100	73,711,100
Expenditure	85,621,000	72,837,000
Surplus	874,100	874,100

A similar reduction will be observed in all the other corresponding totals which are dealt with in the Financial Statement and Appendices A, B, C and E. The explanation is to be found in the Railway section of the accounts. Hitherto we have shown the gross traffic receipts from State Railways on one side of the account, and the working expenses on the other: this year, for the first time, we show the revenue net. The interest on Railway debt continues to be entered as expenditure; but the working expenses are brought over to the Revenue side of the account and deducted from the gross traffic receipts; the result for next year being a reduction of the totals on both sides by more than 13½ millions. The nature of the change is brought out very clearly in Appendix A, under head XXVI where we first have a line of figures showing the gross receipts, and then immediately under it another line showing working expenses: the latter are deducted from the former, and then we have a third line which represents the net earnings. The arrangement by which all the figures used to be shown in gross was open to many objections; it unduly inflated the accounts, it suggested misleading comparisons, and it conveyed a wholly erroneous impression of the cost of the administration and the burden of taxation. As I explained in replying to the Hon'ble Mr. Gokhale, when he raised this question last year, it would not be justifiable to exclude altogether from our accounts the enormous sums of actual receipts and expenditure which would disappear if we exhibited merely our net profits from Railways and Irrigation. The arrangement now introduced, however, with the Secretary of State's approval, shows both the gross receipts and the *per contra* charges, but it enables us in the summation of our revenue figures to bring the net earnings alone into the account. We have left the Interest on Railway debt in its original place: to have brought it over to the Revenue side of the account as a deduction from the gross receipts would have necessitated a large minus entry in the column for revenue accruing in England. It is possible that some further changes may be made hereafter in the manner of exhibiting the Interest charges, but no decision has yet been arrived at on this point. We have not thought it essential to go so far as the Hon'ble Mr. Gokhale suggested, and to show the Irrigation revenue net. I quite admit that the same general principle applies to the Irrigation as to the Railway figures: but the former are not yet sufficiently large to cause any serious distortion of the true revenue and expenditure of India.

8. Two changes of minor importance which have been made in the form of the Railway accounts may also be mentioned. One is the exhibition by a separate entry of the surplus profits which are paid to Companies working State lines. These profits were previously included under the head "Working Expenses," which is not a suitable description of the charge. The other change is the appearance of the new sub-head "Sinking Funds" under Railway expenditure. The amounts now shown

in this manner were formerly included in the entry for "Annuities in purchase of Railways;" but they really represent payments towards the redemption of India Stock which has been created in exchange for annuities and debentures of purchased Guaranteed Railways.

9. After making these adjustments I present the figures for the three years, reduced to their simplest form, and excluding Capital Debt and Remittance transactions. They are as follows:—

	1905-1906 (Accounts).
	£
Revenue	73,327,957
Expenditure (charged against Revenue)	<u>71,236,103</u>
Surplus	<u>2,091,854</u>
	1906-1907 (Revised Estimate).
	£
Revenue	75,626,900
Expenditure (charged against Revenue)	<u>74,300,800</u>
Surplus	<u>1,326,100</u>
	1907-1908 (Budget Estimate).
	£
Revenue	75,012,800
Expenditure (charged against Revenue)	<u>74,238,100</u>
Surplus	<u>774,700</u>

Accounts of 1905-1906.

10. Last March we estimated that the year 1905-1906 would close with a surplus of £1,755,700. The audited accounts show that the surplus has actually amounted to £2,091,854, being an improvement of £336,154. This represents the result of the Imperial Section only. The net Provincial and Local surplus was less than the estimate by £56,406, and the combined result is a betterness of £279,748.

11. The net improvement in revenue was £168,185. Railway earnings were less than we had estimated by £64,052, the bulk of which occurred on the Eastern Bengal, Rajputana-Malwa, and Great Indian Peninsula systems. The issues of Malwa opium during March were exceptionally low, leading to a reduction of £21,720. Under Land Revenue, we underestimated the check in collections, due to the unfavourable agricultural prospects in certain provinces by the considerable sum of £166,531. On the other hand, practically all the other heads of revenue exceeded the estimate in a greater or less degree. The largest increase was one of £111,796 in the army receipts, of which £82,500 represented a payment made by the War Office towards the end of March on account of the cost of five Native Infantry regiments employed in the Colonies.

12. The expenditure was less than expected by £111,563. The greater part of this represents lapses of expenditure in England on account of the Army (£173,170), and special defences (£45,694). Railway charges fell short of our calculations by £40,518. They would, however, have exceeded the estimate but for the fact that a sum of £72,575, being a portion of the surplus profits due to the Bombay, Baroda and Central India Company, was not actually paid till after the end of the year. Most of the other heads of expenditure were more or less in excess of the estimate, the largest increase being £42,708 under education, which was due to heavier payments on account of building and furniture grants to schools in Bombay, the Punjab, Bengal and Burma.

13. Further details will be found in Part II of the Financial Statement, and in the Comptroller General's Appropriation Report which has recently been published.

Revised Estimate for 1906-1907.

14. In making a comparison between the figures of the Budget Estimate of the current year, as framed in March last, and those of the Revised Estimate now presented, it is necessary to make allowance for the new method of showing Railway earnings *net*, instead of gross, which was explained in paragraph 7 above. The change affects only the figures of the Railway Revenue Account, and those of total revenue and expenditure; no others are concerned.

15. After making the requisite corrections of the Budget figures, due to this cause, it will be seen that a year ago we estimated that the total revenue of the year would amount to £73,711,100, and the expenditure chargeable against revenue to £72,837,000, and that the year would close with a surplus of £874,100. The actual results, so far as they are now known, have been somewhat more favourable. The revenue is now estimated at £75,626,900, the expenditure chargeable against revenue at £74,300,800, and the surplus at £1,326,100. This last figure exceeds the original estimate by £452,000. The total revenue, Imperial, Provincial, and Local, has increased by £1,915,800, while the expenditure has fallen by £227,300. The improvement in actual receipts and expenditure is thus £2,143,100. In March last, however, we anticipated that the Provincial Governments and local bodies would draw upon their accumulated balances to the extent of £1,077,600. Instead of this, they have on the whole increased their balances by £613,500, and the effect of this is to increase the expenditure chargeable against revenue by £1,691,100. The way in which this happens is further explained in a later section of the present Financial Statement.

16. The following statement shows the principal heads in which the Revised Estimate differs from the Budget by £50,000 or more :—

REVENUE.		£
<i>Increase—</i>		
Land Revenue		135,300
Opium		776,600
Stamps		51,300
Excise		89,400
Assessed Taxes		67,700
Interest		95,800
Mint		213,800
Miscellaneous		306,700
Irrigation		281,100
<i>Decrease—</i>		
Customs		157,100
Salt		110,000
EXPENDITURE.		£
<i>Increase—</i>		
Interest		56,800
Miscellaneous		118,400
<i>Decrease—</i>		
Civil Departments		67,400
Irrigation		59,500
Other Public Works		167,100
Special Defences		90,200

Full explanations on all necessary points will be found in the memorandum by the Financial Secretary. The only matters to which I need allude are the following :—

17. Under Land Revenue, the betterness is mainly due to the extremely favourable character of the season in the Bombay Presidency, which has facilitated the collection of outstanding arrears as well as of the current demand. The improvement is estimated at 36.09 lakhs. There has also been some increase in the Punjab, the North-West Frontier Province, Eastern Bengal, and Madras. In Burma, on the other hand, mainly in consequence of floods in some districts, the expansion of the revenue has been less rapid than was expected, and the Revised Estimate falls short of the Budget by 21.17 lakhs, though it exceeds the actuals of the previous year by 8.75 lakhs.

18. The predominant element in the expansion of our revenues has been opium. In February 1906, and again in March of that year, heavy successive falls occurred in the sale prices realised at the auctions of Bengal opium, and in view of the possibility that this might continue, we then thought it prudent to calculate on an average rate not exceeding R1,125 per chest for the whole year. A recovery, however, set in almost at once and prices gradually rose during the year, with the result that the average price for the twelve months has amounted to R1,391 per chest. This accounts for an increase of 140.45 lakhs over the estimate. On the other hand, the weighments of Malwa opium have been the smallest known for many years, and are not expected to exceed 12,500 chests in all, as compared with our estimate of 16,500. The loss of pass duty due to this cause is estimated at 24.40 lakhs.

19. The improvement under Stamps and Excise has been fairly general throughout the country, except in Burma and the United Provinces. In the former province the probable growth of the excise revenue was overestimated. In the latter, the shortage amounts to 6 lakhs. This is mainly due to the fact that in the last weeks of 1905-1906 a large firm of distillers, in anticipation of the increase of the duty on spirits from R6 to R7 per gallon, took out of bond a quantity sufficient for nearly two years' consumption.

20. Under Salt we estimate that the revenue will be less by £110,000 than we expected. About half of this shortage is due to the reduction in the duty with effect from this date. The remainder is due partly to dealers in Northern India holding back in expectation of a reduction in the duty, and partly to the effect of credit sales having been underestimated in Madras.

21. Under Customs the receipts have been disappointing, and in place of the improvement of £139,300 which we hoped for a year ago, we now expect that the revenue will be nearly £41,000 below that of 1905-1906. The chief items contributing to this result are spirits and the export duty on rice. Instead of getting an increase of 3 lakhs from the enhanced duty on spirits, we now expect a falling-off of over 12 lakhs, which is due to large clearances in February 1906. The effect of this, however, has probably exhausted itself by now, and the trade will doubtless resume its normal course. The exports of rice have largely declined, mainly in consequence of the high prices prevailing in Bengal and some other parts of India, which diverted the trade from its usual channels. The receipts from this item we expect to be less than the estimate by £120,000. Cotton goods have not maintained the exceptionally high figure of 1905-1906, and have yielded £29,200 less than in that year. On the other hand, the imports of sugar, especially from Germany and Java, have been on an unprecedented scale, and will probably yield £37,000 in excess of the estimate. Imports of silver have recovered from the set back they underwent last year, and have surpassed even the record figures of 1904-1905, the improvement over the estimate being £76,600. Burma petroleum continues to compete successfully with foreign oil, which is a feature satisfactory in itself, but not conducive to growth of revenue from customs.

22. Under Interest the improvement occurred in England, and is due to the high Bank rate which prevailed in London during a considerable part of the year, and the favourable terms on which the Secretary of State was enabled to lend out his floating balances.

23. The increase in Mint receipts was due to seignorage being charged on coinage largely in excess of the estimate, and is partly counterbalanced by an increase of £21,800 in working charges. The coinage of the year depends almost wholly on the demands of trade, and cannot be forecasted with any approach to certainty.

24. Under Miscellaneous, the improvement is due mainly to two causes. The first of these is the strong demand for money prevailing during the latter months of the year, which resulted in unusually high prices being obtained for Council Bills and Telegraphic Transfers, yielding a profit of 23 lakhs. The other is the payment of two instalments of the Tibet indemnity, aggregating 16.67 lakhs. A small item (1.34 lakhs) of some interest represents the value of old outstanding currency notes, written off for the first time under the provisions of section 17 of the Paper Currency Act of 1905.

25. The agricultural conditions of the year were favourable for an expansion of irrigation, especially in the United Provinces and the Punjab. In the former the area under irrigation for the *rabi* crop was the largest on record. In the latter the extension was greatest on the Sirhind, Western Jumna and Upper Bari Doab Canals, and there was no failure of the cotton crop to necessitate remissions. Every other province also contributed to the increase, though in a smaller degree than the first two.

26. Our net Railway earnings are better than those of 1905-1906 by 60 lakhs, but have fallen short of the estimate by nearly 7 lakhs. The gross receipts are well up to the original estimate, but the working expenses have increased more rapidly, mainly in consequence of heavy renewals and repairs on the East Indian, Rajputana-Malwa, Bengal Nagpur, and Great Indian Peninsula Railways.

27. Under Army, there has been a saving, or rather a lapse, of 26.60 lakhs on the grant for special expenditure. (This is exclusive of other lapses aggregating 22.80 lakhs taken under military works and special defences.) Under ordinary charges there has been an excess of 24.41 lakhs, of which about 4½ lakhs represents the charges on account of the concentration of troops at Agra in connection with the visit of the Amir in January last. Most of the remainder occurred in supply and transport charges, and is due to the high prevailing price of food and fodder, and to the larger sums therefore payable as compensation for dearness of provisions.

28. Instead of a Provincial and Local deficit of £1,077,600, we now expect that there will be a surplus of £613,500. As I explained last year, this does not affect the actual revenue or expenditure, but merely its allocation as between Imperial, Provincial, and Local. A large part of the difference is due to the initial grant of 50 lakhs which we have made to Burma in connection with its new Provincial Settlement recently concluded; and to the refund to Bombay and the United Provinces of the sums expended by those Local Governments on famine relief during the past two years. These aggregate 90.67 lakhs in all. Other transfers, aggregating 10.18 lakhs, were made from Imperial to Provincial for Education, Irrigation Works, and Archæology, while additions amounting to 8.50 lakhs were made to the assignments of Bengal and Eastern Bengal and Assam in connection with their new Provincial Settlements, and for the reorganisation of their Provincial services. The remainder of the variation is due partly to the growth of the Provincial shares of revenue having been greater than was expected, and partly to the failure of the Local Governments to expend their assignments in full.

Budget Estimates of 1907-1908.

29. For next year we estimate the Revenue at £75,012,800, and the Expenditure (after allowing for a sum of £443,300 which is chargeable against Provincial and Local balances) at £74,238,100, thus leaving a net surplus of £774,700 in the Imperial Section of the accounts.

30. The estimated revenue is thus seen to be less by £614,100 than that which we expect to receive in the current year. The causes of this reduction may be summed up in two words—Salt and Opium.

31. I have already announced that we have decided to reduce the rate of salt duty to R1 per maund throughout India with effect from this date. Had this reduction not been made we calculate that we might have expected to obtain a Revenue of £4,556,700 in 1907-1908 from this source, or £266,700 more than in the current year. We now expect to receive one million less than in 1906-1907, so that the sacrifice of revenue amounts to £1,266,700. In this estimate, allowance has been made for probable increase in consumption. I have already dwelt on the remarkable stimulus which has been imparted to the consumption of salt by the reductions made in former years, and there seems every reason to anticipate that the present measure will be equally efficacious and beneficial.

32. The incidence of the duty now works out to rather less than 2½ annas per head of the population, a rate which can only be regarded as extremely moderate when it is remembered that the salt tax is the only contribution towards the public expenditure that is made by a large number of the people.

33. In 1906-1907 our net opium revenue is expected to amount to £3,690,900, or about 553.63 lakhs of rupees. For 1907-1908, we estimate it at £3,046,300, or about 457 lakhs. In each case about 32 lakhs represents the cost price of opium transferred to the Excise Department for local consumption, and the remainder, which for next year amounts to about 4¼ crores, represents the revenue derived from the opium trade.

34. The reason for this considerable falling-off is to be found in the reduction in the number of chests of Bengal opium notified for sale during 1907-1908 to 49,200 as compared with 52,800 in the past year. As is already known, proposals have been submitted by the Chinese Government for the gradual reduction of the imports of Indian opium into China, *pari passu* with the gradual contraction of the production of opium in that country, the object in view being the eventual extinction of the opium habit among the Chinese. The negotiations have not yet reached a stage when it would be possible

to make any announcement of the result: but it has been thought expedient to give effect during the ensuing year to the foregoing reduction of sales, and to a corresponding contraction of the area under cultivation, as evidence of the readiness of His Majesty's Government to receive the Chinese proposals in a sympathetic spirit. It has also been considered prudent to take a cautious estimate of the prices likely to be obtained at the sales during the coming year. We have accordingly issued orders to reduce the cultivation to not more than 900,000 bighas in the ensuing year, and we take the average sale price at R1,250 a chest as compared with an average of R1,391 obtained during 1906-1907.

35. What the eventual outcome will be it is impossible to foresee, for the practical difficulties of the task which China has imposed on herself are enormous, and may prove insuperable. But it is evident that the gradual reduction and eventual extinction of the revenue which India has derived from the trade have been brought a stage nearer, and it is necessary for us to be prepared for whatever may happen.

36. Twenty years ago, or even less, the prospect of losing a revenue of $5\frac{1}{2}$ crores a year would have been a cause of very grave anxiety. Even now, if the whole or a great part of the revenue should be struck off at a blow, the dislocation of our finances would be serious, and might necessitate recourse to increase of taxation. But if, as we have a clear right to expect, the transition is effected with a due regard to our convenience, and is spread over a suitable term of years, the consequences may be faced, if not with equanimity, at least without apprehension. The elasticity of our ordinary revenues has recently been remarkable. During the five years beginning with 1903-1904, and including the year which is about to begin, we have been able to carry out three successive reductions of the salt tax, estimated to cost us in the aggregate more than 5 crores per annum; we have taken off a number of cesses on the land aggregating upwards of a crore per annum; and we have raised the limit of exemption from income tax at a cost of 36 lakhs per annum. These various measures taken together have involved a sacrifice of revenue not far short of $6\frac{1}{2}$ crores of rupees a year, and exceed the present amount of the opium revenue by nearly 20 per cent. Nor has this relief to the tax-payer been purchased at the cost of starving the administration. During the same period, from Imperial Revenues alone and irrespective of Provincial resources, we have provided 105 lakhs per annum for Police reform, 80 lakhs per annum for Education, 24 lakhs per annum for Agricultural development, and over 60 lakhs per annum for grants-in-aid of District and Local Boards, besides allotting $3\frac{1}{4}$ crores per annum for completing the preparation of the Army for war. All of these grants are recurring, and all but the last mentioned are permanent in their character. They are irrespective of numerous isolated non-recurring grants which we have made for a great variety of purposes, and they take no account of the large additional resources placed at the disposal of Local Governments in accordance with the new Provincial Settlements.

37. If our revenues continue to expand as they have recently done, and if no unforeseen mischance should befall us, we may hope that the void will be made good without imposing on Indian tax-payers a burden greater than they can bear. I am far from suggesting that the loss of revenue is the sole outcome of the Chinese proposals that concerns India. The economic loss to the country occasioned by the proscription of a valuable crop and an important industry; the contraction of our exports by the exclusion of a staple valued at over 9 crores a year, and its effect on our balance of trade; and the loss inflicted upon the people and Durbars of the poppy-growing States in Malwa,—all these are considerations which deserve the most anxious attention. The point which I wish to emphasize at present is that there is no need for despondency, and that, if all goes well, there is nothing worse to fear than the absorption for a few years of the means of affording further relief to the tax-payer, and of incurring useful expenditure for the development of the country.

38. In his speech on the budget last year, the Hon'ble Mr. Hewett held out the hope that before long we should be in a position to raise the weight of letters carried for half an anna from $\frac{3}{4}$ of a tola to one tola. This we have now decided to do. We have also arranged that the weight carried for one anna shall be raised from $1\frac{1}{2}$ tolas to 3 tolas. In regard to the Foreign post, we have decided to conform to the scale approved at the recent Postal convention. The weight carried for one anna within the Empire will thus be one ounce instead of half an ounce as hitherto. For letters outside the Empire, a similar weight will be carried for $2\frac{1}{2}$ annas, and an additional $1\frac{1}{2}$ annas will cover each ounce after the first. These reductions will take effect from the 1st October 1907, and are estimated to cost us £73,300 during the remainder of the year.

39. The other heads of revenue do not call for any lengthy consideration in this place. Apart from Salt and Opium, we expect that the normal growth of the principal heads will yield £1,250,400 more in 1907-1908 than in the present year, while the Miscellaneous and Departmental receipts, together with Commercial Services, Railways and Irrigation will be less by £107,900. In the increase Land Revenue is the most important factor. The prospects of the crops are excellent almost everywhere, and we hope to receive £372,900 more than in the current year. The largest part of this is expected in the United Provinces and Burma, but most provinces contribute towards it, except Bombay where the collections during the current year have been exceptionally large. We take credit for the normal growth of revenue from Stamps, Excise, Assessed Taxes and Forests. Under Customs we hope to obtain an increase of £28,400, or approximately 43½ lakhs of rupees. Of this, 15 lakhs are expected under spirits, the enhanced rate of duty on which will, we hope, become fully effective. We also hope that the check which the exports of rice have undergone during the current year will cease, and we reckon on an increase of 15½ lakhs from this item. An improvement is expected from nearly all the other principal staples, including sugar and cotton goods. We do not, however, feel justified in assuming that the recent abnormally large importations of silver will continue, especially in view of its advance in price, and we allow for a reduction of 4½ lakhs on this account.

40. As already stated, our Railways have not done quite so well as we expected, but there is no reason to anticipate that the set back will continue, and we feel justified in taking credit for an increase of £346,400 in net earnings in the ensuing year. Irrigation receipts, on the other hand, have been exceptionally high during 1906-1907, and we have thought it prudent to assume that those of next year will fall short by £105,800. Under Exchange we have estimated for a reduction of £60,000, in view of the exceptionally high rates which have prevailed during a long period of the current year. These show little present sign of falling, but it would not be wise to count on their continuance for another twelvemonth.

41. On the Expenditure side of the account we anticipate a net increase of £994,100; Provincial Governments and local bodies expect to draw on their accumulated balances to the extent of £443,300, instead of adding to them, as in the current year, by £613,500. In the Imperial Section there is a reduction of £161,100. The increase in total expenditure is the net result of a number of variations some of which are considerable in amount. The largest item is a decrease of £481,200 in Army charges. A reduction of half a million sterling has been made in the annual grant for special military expenditure. The lapses on the current year's grant for this head have also been smaller than in 1905-1906, and the amount carried forward to next year is only 47½ lakhs, including a special provision of 7½ lakhs for a new Indian Marine Vessel as compared with 90 in 1906-1907. These reductions are counterbalanced in part by growth of ordinary expenditure on the Army. There is a decrease of £272,700 under Interest charges, but the greater part of this represents a mere transfer of debt from the non-productive to the Railway account, under which there is an increase of £255,800. Under Public Works, Civil and Military, we provide for an increase of £432,600, three-fourths of which belongs to the former class. The largest increase, however, occurs under the group of heads entitled "Salaries and Expenses of Civil Departments," and amounts to £562,100. This is the net result of a number of variations under the principal heads of charge representing the cost of the Civil Government. Thus, under Police we have provided for an increase of £269,800. Rather less than half of this represents the efforts made by Local Governments gradually to carry into effect the recommendations of the Police Commission, for which grants have been made to them in the past but have not yet been fully utilized. £150,000 represents additional recurring grants now sanctioned for the same purpose with effect from 1907-1908. This sum, which amounts to 22½ lakhs, has been allotted to the different Provinces as follows:—

	Lakhs.		Lakhs.
Madras	1'00	United Provinces	5'00
Bombay	2'00	Punjab	5'50
Bengal	4'00	Central Provinces	1'00
Eastern Bengal and Assam	2'50	Minor Provinces	1'50

In addition to these, we have given to Burma a grant of approximately 8 lakhs a year, which is included in the terms of the new Provincial Settlement, and which, together with grants of 7½ lakhs previously made, will cover the entire estimated cost

of police reform in that Province. The total assignments made for this purpose from Imperial Revenues during the three years 1905-1906 to 1907-1908 amount in all to 105½ lakhs of rupees a year, and exceed two-thirds of the total ultimate expenditure in contemplation.

42. For expenditure on Education we have provided 304 lakhs, which represents an increase of almost 33 lakhs over that of the current year. This is distributed over all the Provinces, the increase being largest in Bombay and Madras. These figures do not include any provision for the cost of free primary education, which formed the subject of some discussion in the debate on the last Financial Statement. It must not, however, be inferred from this that we have lost sight of the question. During the summer it was very fully considered in the Department concerned, and in the autumn a letter, which has been published in the press, was addressed to Local Governments, reviewing the position at length, calling for certain information, and inviting an expression of their opinions. On receipt of their replies, the matter will receive prompt and earnest attention; and we have received an assurance from the Secretary of State that, notwithstanding the absence of Budget provision, if a suitable scheme should be prepared and sanctioned by him he will be ready to allow it to be carried into effect in the course of the year, provided that the financial position permits.

43. Under "Scientific and Minor Departments" we have provided for an increase of £118,600, partly on account of the Survey of India, and partly in connection with the progressive introduction of measures of agricultural improvement. Political charges are expected to be less than in the current year by £78,500, which is mainly due to the fact that no provision is necessary, as in the current year, for the entertainment of His Majesty the Amir of Afghanistan. None of the remaining heads of expenditure call for special remark, and all necessary explanations of detail will be found in Part II of the Financial Statement.

Ways and Means.

44. As stated in paragraph 29, our revenue account closes with a surplus of £774,700 which is carried forward to the second part of the statement dealing with Capital and Debt transactions, including Deposits, Remittances and Advances. Our total estimate of Capital Expenditure not chargeable to Revenue on Railways and Irrigation Major Works is £9,874,000, of which £833,300 is for Irrigation, £7,215,100 for State Railways, and £1,825,600 for expenditure by Railway Companies. In addition to the above, we have to find £585,100 for the discharge of permanent debt (chiefly Bombay, Baroda and Central India Railway debentures). We have also to make a net payment of £80,300 on account of loans to local bodies, advances to cultivators, etc. Our aggregate capital requirements thus amount to £10,539,400.

45. To meet this outlay we have (1) the revenue surplus of £774,700, (2) the net receipts of the Post Office Savings Banks which are estimated at £684,800, (3) a net receipt of £112,900 under Deposits and Remittances, and (4) a sum of £3,840,400 to be raised by Railway Companies. These various resources amount to £5,412,800, leaving £5,126,600 still to be provided. In order to meet this, we propose to borrow £5,500,000, of which £3,500,000 will be raised in England, and 3 crores of rupees or £2,000,000 in India. Our cash balances are expected to stand on the 31st March 1908 at £12,369,000 in India, and at £3,437,000 in England.

46. The announcement regarding the amounts to be borrowed in England and India is made subject to the usual reservation, and the Government of India retain full discretion to vary the programme, as now declared, to any extent that may be considered desirable.

47. The present intention of the Secretary of State is to draw bills on India to the amount of £18,100,000, but this also is subject to a similar reservation. This estimate of Council drawings is for the amount necessary to provide for the Secretary of State's requirements: but additional bills will, as usual, be sold, if needed to meet the demands of trade.

Provincial Expenditure on Famine Relief.

48. In the discussion on the last Financial Statement I stated, in reply to the Hon'ble Mr. Logan, that the Government of India recognized that the present arrangement under which the cost of famine relief is a wholly Provincial charge was open to certain serious objections; and I undertook to have the matter fully examined

in the hope of devising some more appropriate system. This has now been done. During the summer months, we worked out certain proposals, which were referred for the views of the various Local Governments, and by them were generally well received. After revising the scheme in some minor points in accordance with the criticisms we had received, we submitted it to the Secretary of State, who has accorded it his approval and has authorised us to bring it into effect from the ensuing financial year.

49. The ruling principle of the scheme is to enable each Local Government whose territories are liable to famine gradually to build up a reserve of credit with the Imperial Government on which it will be at liberty to draw when it becomes necessary to incur expenditure on famine relief. The means of creating this reserve of credit will be provided from Imperial revenues, in the form of an increase to the annual fixed assignment of each Local Government. This arrangement is equitable, and indeed necessary, because the existing Provincial settlements make no allowance for famine relief expenditure, and the Provincial Governments could not provide the funds without curtailing their ordinary expenditure.

50. The additional assignments thus made to Local Governments will be debited in their accounts each year under the head 36.—Reduction or Avoidance of Debt, which will to that extent become a divided head instead of being wholly Imperial as at present; and an account will be kept of the amounts thus accumulated year by year to the credit of each Government.

51. When famine occurs, the Local Government will be entitled to draw upon the amount standing to its credit to meet its famine expenditure, and charges thus incurred will be shown in our accounts as Imperial expenditure instead of being Provincial as at present. In a famine of relatively small extent the reserve of credit will usually be sufficient to meet the whole charge, and the Local Government will be secured from all dislocation of its ordinary administrative machinery.

52. If a famine should be widespread or severe, it is possible that the reserve of credit may be exhausted. When that happens, we have decided that any further expenditure on famine relief shall be equally shared between the Imperial and the Local Government, instead of being wholly Provincial as at present. Both Governments will bear their share of the inevitable burden, but the Local Government will have to support it to only one-half the extent that it does at present.

53. If a famine should unhappily be prolonged, it may happen that even this measure of assistance may be insufficient. We have therefore decided that when in consequence of the prevalence of famine the balances of any Local Government are depleted so that they fall below one-half of the prescribed minimum, further assistance shall be given from Imperial revenues; but we consider that its precise measure or extent cannot be decided beforehand, and that in that event—which, we trust, will be of rare occurrence under the system now to be introduced—they should be left for determination according to the circumstances of the occasion.

54. The amount of the annual assignments to be made to each Local Government has been determined with reference to, but not in exact proportion to, the average expenditure incurred by them on famine relief during the past 25 years. It has not been thought necessary to make any assignment to Burma, or to Eastern Bengal and Assam, as these provinces have only been subject to famine in a very limited degree. The amounts assigned are as follows:—

	R
Madras	2,50,000
Bombay	13,70,000
Bengal	2,60,000
United Provinces	4,50,000
Punjab	1,40,000
Central Provinces	12,80,000
TOTAL	<u>37,50,000</u>

55. There are two subsidiary points to which allusion may be made. The scheme will come into operation from 1907-1908; but it is possible that a famine might occur before the province affected had accumulated a sufficiently strong reserve of credit to enable it to meet the charge. To provide for this contingency it has been decided that any famine relief expenditure that may be incurred in the first five years shall be treated as Imperial up to a limit equal to five years' accumulated credits in the *pro formâ* account.

The second point is that, in order to avoid the possible accumulation of credit to an unnecessarily high figure, it is necessary to fix some maximum limit to the reserve of each Province. When that limit has been reached, the annual assignment and addition to the outstanding credit will cease until it has been reduced by expenditure on relief. The amount to be fixed for each province cannot suitably be based on average expenditure, and it has been determined roughly with reference to the maximum expenditure likely to be incurred in a year of moderately severe famine. The maxima decided on are as follows :—

	Lakhs of rupees.
Madras	25
Bombay	80
Bengal	25
United Provinces	30
Punjab	10
Central Provinces	80

56. By these measures we hope to avoid or mitigate the evils of the present system, which were set forth in the debate on last year's Financial Statement. On the one hand we preserve in large measure the inducement to economy which is the sole apparent merit of the present system. For the more a Local Government draws on its reserve of credit, the faster it will be exhausted, and the sooner will be reached the stage at which half the charges begin to fall on Provincial revenues. On the other hand, we take effective steps to protect the Provincial Governments, each in approximate proportion to its liability to famine, from the utter dislocation of its resources which a considerable famine almost immediately involves. If the famine is on a small scale, the protection is complete. If it is more extensive, we share the burden. In the worst case of all, we indicate definitely the point at which a still larger measure of assistance may be claimed from Imperial revenues. Lastly, we obviate the anomaly which has occurred under the present system, by which the occurrence of a famine has actually operated to increase the Imperial surplus, by transferring expenditure from an Imperial head (Reduction or Avoidance of Debt) to the head Famine Relief, which has hitherto been wholly Provincial.

57. As stated above, the new arrangements will take effect from the ensuing financial year. In two Provinces, however, *viz.*, Bombay and the United Provinces, a considerable amount of expenditure has been incurred on famine relief during 1905-1906 and 1906-1907, and this has made serious inroads upon the initial lump grants which these Local Governments received when their Provincial Settlements were last revised. In order that they may not be prejudiced by this misfortune, we have decided, with the sanction of the Secretary of State, to refund to these two Provinces the sums which they have spent on this account. The amounts in question are 12.32 lakhs and 28.35 lakhs respectively, and these sums have been added to the Provincial balances in the Revised estimates of the current year.

Military Expenditure.

58. I append the usual statement showing the total expenditure on the Army under the various heads during the past five years :—

	Army.	Military Works.	Marine.	Special Defences	TOTAL.
	£	£	£	£	£
1903-1904	17,865,208	1,034,654	580,307	27,054	19,507,223
1904-1905	20,175,694	981,599	589,467	128,295	21,875,055
1905-1906	19,267,130	1,094,905	519,156	146,306	21,027,497
1906-1907 (Revised)	19,832,100	1,125,900	606,000	141,300	21,705,300
1907-1908 (Budget)	19,350,900	1,259,100	492,200	145,700	21,247,900

59. In paragraphs 30 to 32 of the Financial Statement for 1905-1906 and again in paragraph 54 of the Statement for 1906-1907, I described our present policy of financing special military expenditure from current revenues, and gave a brief indication of the principal objects on which such expenditure would be incurred in those years. I now propose to deal somewhat more fully with this subject.

60. For some years prior to 1904-1905, in addition to the amount required for the normal maintenance of the Army, we also provided for "special military expenditure," *i.e.*, outlay on measures designed for the improvement of the condition, equipment or preparedness of our military forces. This special provision fluctuated from year to year, being dependent on the amount which we were able to spare from general revenues, and on the utilisation of special savings which accrued in our ordinary military expenditure by reason of the employment of a portion of our troops by the Imperial Government in South Africa and China. The objects to which this special military expenditure was applied were not, moreover, selected by the Military authorities in pursuance of any preconceived plan, which would in any case have been rendered difficult by the necessarily considerable fluctuations in the amount we could assign from year to year.

61. In 1904 His Excellency the Commander-in-Chief put forward a scheme defining the broad lines on which he considered that the reorganisation and the redistribution of the Army should be undertaken, and he laid stress on the point that this scheme could not be progressively and economically worked out without a definite programme of expenditure extending over a series of years. Lord Kitchener's recommendations were accepted, and it was decided to provide annually, for a period of five years, a sum of £2,000,000 to cover outlay on the new measures advocated by His Excellency as essential to prepare the Army for war, as well as on other measures which had hitherto been classed under the head of special military expenditure. The grant of £2,000,000 was subsequently increased to £2,167,000 in order to extend the fixed grant system thus introduced to all additional outlay on Military Works. It was also decided that lapses which might occur in the expenditure from the grant should be carried forward from one year to another, but subject as a rule to a limit of £333,000. It will be seen from paragraphs 41 and 64 that the amount has been reduced for 1907-1908 by half a million sterling.

62. In view of statements that have sometimes been made to the effect that Lord Kitchener's schemes involved the burdening of Indian revenues with an additional charge of £2,000,000 per annum, it is desirable to emphasise the fact that the total special grant initiated in 1904-1905 is a grant for *all* special expenditure connected with the Army. Within the four years prior to 1904-1905 we had on the average spent a sum of £928,000 annually on special military expenditure, including outlay on a programme of defences for our chief seaports which was initiated in 1902. The additional liability we undertook in pursuance of Lord Kitchener's scheme was, therefore, about £1,250,000 per annum. Under present conditions the special grant covers expenditure on all special measures which had been initiated prior to 1904-1905, in excess of the Budget provision made in that year, and on all new military expenditure of whatever kind, with the exception of petty items whose maximum cost, adding the full amount of recurring expenditure in any one year to the initial outlay, will be less than £1,400.

63. In the latter part of 1904-1905 we provided £1,040,000 towards the carrying out of Lord Kitchener's scheme of reorganisation, in addition to a sum of £500,000 already provided in the Budget for new artillery, making a total of £1,540,000; but the actual expenditure of the year amounted only to £1,100,000 besides a sum of £128,000 spent on coast defences. In 1905-1906 the normal special grant for all purposes would have been £2,500,000 (including £333,000 on account of lapses from the previous year); but in view of our favourable financial position we raised the total to £3,267,000 with the object of completing our necessary supply of new artillery. The actual expenditure, however, was only £2,006,000, mainly owing to the fact that the War Office were unable to supply us within the year with the new quick-firing guns, stocks of ammunition and other stores which we had ordered and arranged to pay for. In view of this large lapse we carried forward a sum of £600,000 instead of the normal £333,000 to the year 1906-1907, making the total special allotment for that year £2,767,000. Of this amount we shall, according to the Revised Estimate, spend £2,437,300.

64. The present political situation and the reduced receipts we anticipate from opium have led us to reduce the normal grant to £1,666,700 during the coming year, and to this is added £316,700 on account of lapses for the current year, bringing the total provision under the special grant for 1907-1908 to £1,983,400. The regrant lapses include, as above stated, a special provision of £50,000 to admit of the construction of a new ship for the Royal Indian Marine.

65. If we take the Revised Estimate figures for the current year as approximately correct, our actual "special grant" expenditure in the years 1904-1905 to 1906-1907

inclusive will have been £5,543,000, of which £2,400,000 may be said to be due to Lord Kitchener's schemes for reorganisation and redistribution, and £3,143,000 to other measures, including coast defences, from 1905-1906 onwards, and Marine expenditure. Of the provision in the coming year £1,100,000 may be said to be due to reorganisation and redistribution and £883,400 to other measures.

66. Taking the results achieved by this expenditure up to the end of the current year, we have practically completed the rearmament of our artillery for the field army with modern quick-firing guns, and have made progress towards reorganising the *personnel* of horse and field artillery in accordance with present day requirements. Our artillery ammunition columns are also being reorganised and added to in view of the larger field requirements of quick-firing guns, and we are pushing on with the necessary reserves of small arm and artillery ammunition. Our ordnance factories have been developed and will, it is hoped, shortly be able to produce guns, rifles and other war material which they were not formerly in a position to turn out. We have spent £443,000 on coast defences (including £155,400 found prior to the initiation of the present special grant), and are steadily advancing towards the completion of our original programme of £818,000 on that item. The transport has been reorganised and augmented; our field and general hospitals have been equipped on modern lines; and reserves of mobilisation equipment for units proceeding on field service have been completed. We have established dairy farms in many cantonments, and are making progress with the installation of electric punkhas and lighting in barracks. We have added 257 officers out of a proposed total of 350 to the strength of the Indian Army, and have opened a Staff College for the local training both of British and Indian Army officers. We have reconstituted several native regiments in view to obtaining more efficient fighting material, and have provided for additional concessions to the sepoy in the shape of additional extra kit money, boot allowance, and travelling expenses when proceeding on leave. Lastly, adequate steps are being taken towards the redistribution of our garrisons on the lines indicated by Lord Kitchener in 1904.

67. Among the principal measures to which our special expenditure for 1907-1908 will be devoted, I may specify the following:—the supply of telephone equipment to the Field Army; the formation of an additional Indian Cavalry Regiment from a nucleus of two squadrons of irregular cavalry; the raising of two Indian Mountain Batteries; the partial reorganisation of our heavy artillery; and the completion of the formation of the additional ammunition columns, of the reorganisation of the *personnel* of our horse and field batteries, and of our reserves of small arms ammunition.

Railway Construction and Earnings.

68. The following statement shows in the usual form the capital expenditure on railways during the past five years and the Budget Estimate for 1907-1908, whether incurred directly by the State or through the agency of Guaranteed or Assisted Companies:—

	1902-1903.	1903-1904.	1904-1905.	1905-1906.	1906-1907 (Revised).	1907-1908 (Budget).
	£	£	£	£	£	£
Open lines, including rolling stock	3,211,634	3,725,134	3,351,734	5,121,300	6,129,300	6,755,000
Lines under construction—						
(a) Started in previous years	3,016,666	2,091,200	3,246,066	3,663,073	3,401,300	2,245,000
(b) Started in current year	476,764	564,134	590,800	215,057	210,300	...
TOTAL	6,705,064	6,380,468	7,188,600	8,999,430	9,741,100	9,000,000

FINANCIAL STATEMENT OF THE

69. On the 31st March 1906 the total length of open lines was 28,611 miles classified according to gauge as follows:—

5' 6" gauge	15,143
Metre „	12,197
Special gauges	1,271
	<hr/>
TOTAL	28,611
	<hr/>

During the current year we have added to these approximately the following mileage:—

5' 6" gauge	597
Metre „	278
Special gauges	77
	<hr/>
TOTAL	952
	<hr/>

During the ensuing year we hope to increase this length by 832 miles more.

70. For the current year, we were able to provide the large sum of 15 crores for capital expenditure, and we anticipate that all but about 39 lakhs will have been spent by the end of the year. This includes the balance, 45 lakhs, of the purchase price of the Kalka-Simla Railway which was taken over by Government from the 1st January 1906.

71. For next year, it is a matter of regret that we have found ourselves unable to provide more than $13\frac{1}{2}$ crores for this purpose. We are aware of the disappointment with which this reduction will be viewed by the commercial public, and we realize that it will involve some retardation in the progress of railway development. But in present conditions it is unavoidable. Railways are in the main constructed from loan funds, eked out only to a minor extent by such sums as we can find from surplus revenue, the balance of the Famine Insurance Grant, Savings Bank deposits, and the like. Apart from these relatively small supplementary resources, therefore, the amount which we can grant for railway construction is limited by what the money market will supply; and it unfortunately happens that at the present time the conditions are distinctly unfavourable for borrowing on a large scale either in India or in London. During the last three years we have raised loans in India aggregating $11\frac{1}{2}$ crores of rupees, in addition to which local authorities have come upon the market in increasing frequency for loans of a magnitude exceeding anything previously known. The price of rupee paper was, till recently, nearly two points lower than it was a year ago, and though there has been some subsequent recovery we consider it only common prudence to give the market a comparative rest. In London the price of 3 per cent India sterling stock now stands at 90 as compared with 97 or more a year ago; the bank rate has ruled exceptionally high throughout the winter; and though some improvement has occurred and more may be expected in the spring, it would clearly be unwise to reckon on making up the shortage except on onerous terms. While these conditions prevail, we must be content to move more slowly than we had hoped. Even as it is, the allotment now made exceeds that of any year except 1906-1907.

72. The foregoing remarks relate to construction for which funds are provided by the State. They are applicable in at least an equal degree to construction which is financed by private agency, whether with or without a State guarantee. Dear money checks new business, and the credit of private companies is no more exempt from the limitations of the money market than that of the State. On the contrary, it has happened only too often that undertakings which possess borrowing powers of their own have been unable to raise the sums they required for capital outlay, and have been obliged to fall back on the Secretary of State to provide them with funds. We are considering whether it may not be practicable to dispense with some of the restrictions which now hedge round our railway policy, and if this can be done I am hopeful that a greater degree of elasticity may be imparted to the railway programme. But I am sceptical as to the possibility of

devising any means whatever whereby the provision of funds for railway construction can be rendered immune from the vicissitudes of the money market.

73. Of the total grant of 13½ crores, 10 crores have been reserved for expenditure on open lines, and 3½ for lines under construction. The grant will not admit of our undertaking any new lines. The allocation of the funds to different systems will be found set forth in the annexed memorandum by the Railway Board. I do not propose to enter upon a discussion of the thorny subject of the shortage of rolling stock, but the following figures will show succinctly what is being done in this direction. During the current year we expect to have spent 381.29 lakhs on additional stock for open lines, the distribution being as follows:—

	R
Locomotives	1,00,37,000
Coaching stock	83,58,000
Goods „	1,97,34,000
TOTAL	<u>3,81,29,000</u>

74. For 1907-1908 the provision for additional rolling stock on open lines is 568.10 lakhs, or £3,787,300; but it is far from certain whether it will be possible to spend this large sum within the year. If that should prove to be the case, the grant will be redistributed. For the present the allotments to the principal systems are as follows, *viz.*, 126.61 lakhs are for the North-Western Railway, 101.27 lakhs for the Bengal-Nagpur Railway, 79.47 lakhs for the East Indian Railway, 42.49 lakhs for the Eastern Bengal State Railway, and 51.20 lakhs for the Great Indian Peninsula Railway.

75. As regards earnings we have not done quite so well as we expected. The following table shows the results in the usual form:—

Year.	Receipts.	Charges.	Net surplus.
	£	£	£
1899-1900	16,587,845	16,511,089	76,756
1900-1901	18,293,629	17,968,505	325,124
1901-1902	20,225,968	19,379,352	846,616
1902-1903	20,133,900	19,904,951	228,949
1903-1904	21,557,866	20,697,197	860,669
1904-1905	24,022,465	21,917,027	2,105,438
1905-1906	24,594,148	22,592,182	2,001,966
1906-1907 { Budget	26,154,600	23,925,300	2,229,300
{ Revised	26,479,300	24,321,500	2,157,800
1907-1908 Budget	261,200	25,111,500	2,149,700

76. As explained on former occasions, the charges shown above include *inter alia* interest on capital of all lines whether open for traffic or not, and sinking fund payments in liquidation of the purchase price of certain lines which have been bought by Government. The capital at charge at end of the present year is estimated at £260,356,500. The net receipts are estimated to amount to £13,324,500, which represents a return on the capital of 5.27 per cent. If open lines only are taken into account, the capital at charge amounts to £253,320,100 and the net return to 5.41 per cent.

77. The gross receipts during the current year have been well up to the estimate, but the working expenses have expanded more rapidly than we anticipated. In the opinion of the Railway Board this feature is likely to recur for some few years, in consequence of the efforts which are being made by the railway administrations to replace their old stock by stock more capable of dealing efficiently with the requirements of the growing traffic, and to strengthen the permanent-way and bridges so as to enable them to bear the heavier loads now being carried. In this view we have estimated that the growth of net earnings will not more than approximately cover the increase in interest charges, and that the net surplus will be a trifle less than that which we expect in the current year.

Irrigation.

78. The following table exhibits the principal figures of Revenue and Expenditure connected with Irrigation :—

	1903-1904.	1904-1905.	1905-1906.	1906-1907, Revised.	1907-1908, Budget.
<i>Productive Works.</i>					
	£	£	£	£	£
Capital outlay to end of year	23,718,032	24,084,700	24,664,916	25,785,400	26,649,700
Direct receipts	1,857,460	1,940,670	1,813,919	2,310,100	2,189,500
Land Revenue due to Irrigation	828,371	883,809	959,098	989,800	1,024,500
TOTAL	2,685,831	2,824,479	2,773,017	3,299,900	3,214,000
Working Expenses	789,225	849,700	874,721	931,200	911,400
Interest	933,105	949,928	967,969	994,700	1,027,400
TOTAL	1,722,330	1,799,628	1,842,690	1,925,900	1,938,800
NET PROFIT	963,501	1,024,851	930,327	1,374,000	1,275,200
<i>Protective Works.</i>					
Outlay on construction to end of year	1,572,594	1,720,397	1,983,941	1,998,700*	2,400,000
Direct receipts	62,570	53,661	55,237	36,800	29,700
Land Revenue due to Irrigation	8,768	9,441	9,681	7,100	7,200
TOTAL	71,338	63,102	64,918	43,900	36,900
Working Expenses	21,526	25,581	23,102	18,900	20,700
Interest	61,129	65,296	73,487	83,200	95,500
TOTAL	82,655	90,877	96,589	102,100	116,200
NET LOSS	11,317	27,775	31,671	58,200	79,300
<i>Minor Works and Navigation.</i>					
Direct receipts	154,594	183,455	168,728	187,300	174,400
Expenditure	875,021	895,848	941,153	905,400	1,002,100
NET LOSS	720,427	712,393	772,425	718,100	827,700

* The figures for 1906-1907 include the Lower Swat River Canal, which though originally constructed as a protective work has proved highly remunerative, and has been transferred to the Productive class.

79. On the 31st March 1906 52,513 miles of main and branch canals and distributaries had been constructed commanding 46 million acres of culturable land, the area actually irrigated in 1905-1906 being 23,357,000 acres. The productive works during

that year yielded a net return of 7·7 per cent on the capital outlay of 3,700 lakhs after paying all charges exclusive of interest. The net profit to the State was 140 lakhs.

The Revised Estimate for 1906-1907 shows a net profit of 205 lakhs on productive works, and a net return on capital outlay of 9 per cent. If, as we expect, these figures are realized they will be the largest on record for any one year. On the 31st March 1907 we expect to have 53,314 miles of main and branch canals and distributaries constructed to command 46,670,000 acres of culturable land, and we shall have actually irrigated close on 24 million acres during the year.

80. In the Punjab alone during 1905-1906 over 6,900,000 acres were irrigated by canals, and in spite of unusually large remissions on account of the destruction of the cotton crop by boll-worm, the Lower Chenab Canal paid nearly 21 per cent on the capital invested, the Bari Doab 11 per cent and the Western Jumna nearly 10 per cent.

81. Of the works in active progress, the most important is the Triple Canal Scheme of the Punjab, which provides for carrying a canal from the Chenab river across the Ravi, by means of a syphon, for the irrigation of the Lower Bari Doab tract, the supply from the Chenab being supplemented by means of water from the river Jhelum. Good progress has been made during the year on this ambitious project, which is estimated to cost 782 lakhs and to irrigate 1,876,000 acres, with a return of nearly 10 per cent on the capital outlay. The interesting Upper Swat Canal project, referred to in paragraph 64 of last year's Financial Statement, has been provisionally sanctioned by the Secretary of State, and preliminary investigations to fix the final alignments of the channels and the exact site of the head works are in progress.

82. In addition to the canals actually in operation, there are altogether 56 projects which are either under construction, or awaiting sanction, or being examined by the professional advisers of Government. Of these 17 are productive, and 35 are of the protective class. They are designed to irrigate $3\frac{1}{2}$ million acres and 3 million acres respectively, at a total capital cost of 15 crores and $27\frac{1}{2}$ crores respectively: and the former are estimated to yield a net return of $8\frac{1}{2}$ per cent on the outlay. We are arranging to strengthen our establishments, to enable them to cope with the work, but even when we have obtained the full numbers we require, their energies will be strained to the utmost for many years to come.

Provincial Surpluses and Deficits.

83. At the foot of the expenditure side of the General Statement of Revenue and Expenditure, which occupies the first place in the accounts presented to Council, there will be found the following entries:—

Add—Provincial Surpluses; that is, portion of allotments to Provincial Governments not spent by them in the year.

Deduct—Provincial Deficits; that is, portion of Provincial Expenditure defrayed from Provincial Balances.

Similar entries occur in Statement B, which gives details and totals of expenditure by major heads; and the balance is struck after inclusion of the figures shown against them. In the body of the Financial Statement also references occur to the same entries. There is reason to believe that these entries are something of a stumbling block to those who are not very familiar with our accounts, and it may therefore be worth while to explain as clearly as possible what it is exactly that they denote.

84. The accounts of the Government of India include not merely the transactions of the Imperial Government itself, and of the Secretary of State, but also those of the eight Provincial Governments with which Provincial settlements have been effected and which enjoy a certain measure of financial independence. (They also include the transactions of certain Incorporated Local Funds. The explanation which I am about to offer in regard to the Provincial Governments applies, *mutatis mutandis*, to these Local Funds also, and for the sake of simplicity I shall make no further allusion to them.) It is clearly necessary that Provincial figures should be included, for otherwise the accounts we present would give a wholly misleading idea of the transactions of the Empire. For instance, in the current year, the aggregate collections of Land Revenue are expected to amount to 2,985 lakhs of rupees. Of this sum, 1,821 lakhs belong to the various Local Governments, and the Imperial share amounts to only 1,157 lakhs. It would clearly be quite incorrect and misleading if we were to show only the latter sum in our accounts. In respect of expenditure

this result would be even more marked. The total expenditure on Police, for instance, amounts to 553 lakhs, of which a little over 22 lakhs is debited to Imperial, and more than 507 to Provincial. The Imperial and Provincial figures are shown separately in the principal Statements A and B, so that any one can readily distinguish them when he desires; but it is clearly necessary that the aggregate of both sections should be combined when we are presenting the accounts of the Empire as a whole.

85. But when we speak of the net surplus or the net deficit of the year, we mean the surplus or deficit of the Imperial section only, and not that of the two sections combined. It would be quite possible to follow a different course, and either of them would be equally correct from a book-keeping point of view, provided always that we make it quite clear what it is that our surplus or deficit denotes. But there are two considerations which make it inexpedient in practice to include Provincial transactions when striking the balance of the year. In the first place, under the system of Provincial settlements, certain portions of the revenues of the country are assigned to the Local Governments, either for a term of years, or for an indefinite period, for expenditure on Provincial purposes. These revenues are the property of the Local Governments, and are not at the disposal of the Government of India for the general purposes of the Empire save in exceptional circumstances. If we were to take them into account when exhibiting our surplus, we should show the latter as something different from what it really is. Similar considerations of course apply to the Expenditure side of the account. Secondly, it is a leading principle of Imperial finance that the expenditure of the year shall be met from the revenue of the year. This principle, however, is not applicable to the Provincial Governments. When one of the latter has an excess of revenue over its expenditure, the excess stands at its credit in the books of Government, and it is allowed to carry it forward and draw upon it in subsequent years from time to time. This arrangement has been adopted advisedly in order to permit of greater continuity in the scale of expenditure on the civil administration, the bulk of which is entrusted to the Provincial Governments. The relation of the latter towards the Imperial Government is, in this respect, very similar to that of a bank's depositor towards the banker. When the latter makes out his profit and loss account at the end of the year, the excess of deposits over withdrawals constitutes a liability against himself and is of course not a portion of his net profit.

86. We have thus the following position; our accounts exhibit the combined transactions of both the Imperial and the Provincial Governments; but the surplus or deficit to be worked out must be that of the Imperial Government only. It is therefore necessary, when striking the balance, to eliminate the net transactions of the Provincial Governments, and this is effected by means of the adjusting entries to which I have referred above. When a Local Government receives revenue in excess of its expenditure during the year, or when it gets a special grant from Imperial (as not infrequently happens) the net excess is placed to its credit for the purpose of being drawn upon hereafter. In such a case the Local Government is said to have a surplus for the year. That surplus obviously constitutes a liability against the Imperial Government, and in order to provide for it, the practice is (when working out the Imperial surplus or deficit of the year) to charge it off at once as Imperial expenditure of the year, placing the amount in deposit to credit of the Local Government concerned. The effect of this is that when a Provincial surplus occurs, the amount of it is treated, for this purpose, as an *addition* to the expenditure of the year, and this explains why in the adjusting entry the Provincial surpluses are added to the Expenditure side of the account. Conversely, when the Local Government wishes to draw upon its accumulated balances, or, in other words, to spend more than its current revenue during the year, the amount of the excess—which constitutes the Provincial deficit—is similarly treated as a *deduction* from the aggregate expenditure of the year. The amount has already been charged off as Imperial expenditure in the year in which the balance accrued, and it would plainly be incorrect to show it as expenditure a second time.

87. It should be clearly understood that these additions to or deductions from the aggregate expenditure for the year are only made when we are striking the balance, and working out the surplus or deficit on the Imperial section of the accounts. When accumulated balances are actually drawn upon, then and then only is the expenditure charged under the appropriate major head.

88. A concrete illustration will perhaps serve to make the matter clearer. Three years ago, the Bengal Government received from Imperial revenues a grant of 50 lakhs for

the Calcutta Improvement Scheme. That grant formed an addition to the Provincial surplus of that year, while so far as the Imperial section of the accounts is concerned it represented actual outlay. On the other hand, though the money had been transferred to the Local Government for eventual expenditure, it had not yet been actually expended in bricks and mortar. It could not therefore be shown under the major head of expenditure to which it will eventually belong, *viz.*, 45—Civil Works. It was therefore shown under the adjusting entry, "Provincial surpluses," and formed (for the purposes of the balance) an addition to the Imperial section of expenditure. When, hereafter, the money is actually spent in carrying out works in Calcutta, the charges will be shown in their proper place under 45—Civil Works. But inasmuch as the charge has already once been shown as Imperial expenditure and has already had effect on the Imperial surplus of 1904-1905, it would be incorrect to show it a second time as affecting the surplus of the year of outlay: so the expenditure will then be debited against the Provincial balances, and will be deducted in the adjusting entry from the gross expenditure of the year as a Provincial deficit.

Note Circulation.

89. I append the usual statements illustrating the note circulation and the Government balances with the Presidency Banks. The first of the two statements shows separately (1) the gross circulation, and (2) the circulation, excluding the notes held by the Reserve Treasuries, and by the Presidency Banks at their head offices.

Circulation of Currency Notes.

[Lakhs of rupees.]

	1902-1903.	1903-1904.	1904-1905.	1905-1906.	1906-1907. (11 months).
GROSS CIRCULATION.					
Average	33,74	36,41	39,20	41,52	44,97
Maximum	35,72	38,21	42,52	44,66	47,30
Minimum	31,25	33,94	36,11	39,63	42,89
NET CIRCULATION.					
Average	25,74	28,70	30,69	32,83	35,65
Maximum	27,35	30,30	31,82	35,35	38,28
Minimum	23,93	27,44	29,63	31,06	33,08

Government Balances with the Presidency Banks.

[Thousands of rupees.]

	1901.	1902.	1903.	1904.	1905.	1906.	1907.
January	2,64,54	2,85,89	3,07,63	2,69,52	2,92,99	2,89,83	3,04,47
February	2,86,73	2,97,16	3,32,02	2,91,84	3,00,50	3,23,28	3,03,50
March	3,15,79	3,11,24	3,36,91	3,26,74	3,43,40	3,81,06	
December	2,82,02	3,05,84	2,79,07	3,01,32	2,76,70	2,97,68	

90. A bill to amend the Presidency Banks Act, by relaxing or withdrawing certain restrictions which experience had shown to be unnecessary, was passed into law on the 15th February last. It was a small and unimportant measure, the only feature in connection with which that aroused any public interest being the abandonment of the proposal to allow the Banks to borrow in London. I have already explained the reasons for this decision and need not refer to them further.

Coinage and the Mints.

91. The Indian Coinage Act of 1906 provided, among other things, for the eventual substitution of bronze for copper in the fractional coinage, and also for the introduction of a nickel coin of the value of one anna.

92. The first of these measures was brought into operation from the 1st August 1906, from which date the coinage of copper ceased and the issue of bronze began. From that date to the end of February we have issued R14,91,500 worth of the new coins. The latter are of the same diameter and design as the copper coins which they superseded, but their weight is less by 25 per cent; *e.g.*, the copper pice weighed 100 grains, whereas that of the bronze pice is 75. When the original proposal was under consideration the apprehension was expressed in some quarters that the reduction in weight would cause the new coins to be viewed with suspicion and accepted with reluctance by the people. We have caused enquiries to be made on this point, and we find that nothing of the kind has occurred. On the contrary it is established that they are received and circulate with the same freedom as their predecessors. It is perhaps not generally known that when bronze took the place of copper in the coinage of the United Kingdom in 1860, the reduction in weight then made was far greater than that which was made last year in India. The old copper penny weighed one ounce, or 480 grains, whereas the standard bronze penny which took its place weighs only 145.83 grains. The saving which this large reduction effected for the British Exchequer has been estimated at about £50,000 a year. The 25 per cent reduction which we have made in this country is estimated to effect a saving of about ₹550 per lakh on the face value of the coins issued.

93. The issue of the nickel one-anna piece is less advanced, though substantial progress has been made. It was originally contemplated that the coin should be struck from "commercially pure" nickel. The question was, however, raised whether a cupro-nickel alloy, such as is used in the United States of America and several European countries (though not in all) does not possess germicidal properties which would make it more appropriate in this country, and after somewhat prolonged experiments, both here and at home, it was decided that the balance of advantage lay in favour of employing an alloy. The question of the design also presented much difficulty. A coin with a central perforation cannot bear the King's effigy. On the other hand, a coin with an eccentric perforation is extremely troublesome and expensive to strike. Our efforts have accordingly been directed towards turning out a coin with a scalloped edge, which will, we consider, be even more distinctive than a perforated coin. For this purpose, special machinery had to be designed and imported, and the workmen had to be trained in the use of it; and a variety of minor difficulties had to be surmounted, especially in regard to the raised rim which is less easy to get up in a workmanlike manner than in the case of a circular coin. The perseverance and ingenuity of Captain McCormick, Mint Master at Bombay, have, however, gradually overcome all the more serious difficulties, and a consignment of specimen coins struck under normal working conditions was forwarded to the Secretary of State for consideration. His Majesty the King Emperor has now expressed his approval of the design; matrices are shortly expected from the Royal Mint, and a supply of the raw material is on the way. It is anticipated that the coinage and issue of the new coins to the public will be begun at an early date.

94. In last year's Financial Statement I explained that it had been decided to spread the purchase of silver and coinage of rupees over the whole twelve months of the year, instead of waiting until the demand began to be acute and thus concentrating our transactions upon the three or four months of the busy season. We have pursued this policy during the past year. We have purchased over 12 millions worth of silver during the year, partly in India and partly in London, and by the end of the current month we expect to have coined 2,510 lakhs of rupees, inclusive of rupees supplied to Native States, and those recoined from uncurrent issues.

95. During the last five years the gross outturn of rupees at the two Mints has been as follows:—

	Lakhs.
1902-1903	11,27
1903-1904	16,17
1904-1905	10,83
1905-1906	19,60
1906-1907 (estimated)	25,10

96. This great demand, which shows no present sign of slackening, has led us to consider the capacity of the Mints. At present these, after providing for normal requirements in regard to bronze, small silver, and nickel, can turn out 9 lakhs of rupees per working day, which can be raised to 18 lakhs by means of overtime, the latter, however, not

being possible for any great length of time at a stretch. This gives a maximum outturn for a year of 266 working days of about 24 crores without overtime, and of 33 $\frac{1}{4}$ crores with such overtime as is possible. This is sufficient for present requirements and provides an adequate margin of safety. The demands on us have, however, grown rapidly of recent years, and it would be very difficult to make a sudden expansion in our manufacturing power if we should be called on to increase the output at short notice. We have therefore decided, *ex majore cautela*, to take steps for this in advance. We are extending the buildings of both Mints, we are introducing electric power at Calcutta, and have ordered a considerable quantity of additional plant. When this is installed and in full working order, the capacity of the two Mints will have been raised to 36 crores a year working ordinary hours, and to 47 $\frac{1}{2}$ crores with overtime. These figures are considered to be ample for any period which it is necessary for us to take into account.

The Gold Standard Reserve.

97. In the Financial Statement for 1905-1906 I explained the nature of the silver ingot reserve and the objects which we had in view in creating it. It originally consisted of a stock of silver bullion, assayed and prepared for coinage, and cast in the form of standard ingots. Its amount was fixed at 300 lakhs of tolas, and it was held as a part of the Paper Currency Reserve. It provided a source from which additions could be made to the supply of coined rupees more rapidly than if bullion for new coinage had to be purchased and imported from Europe as required.

98. In the Financial Statement for last year I mentioned that the ingot reserve had proved of great service, and that it had been decided to increase its amount to 600 lakhs of tolas. I also stated that further important developments of this reserve were then in contemplation. These have now been carried into effect, with the approval of the Secretary of State, and I proceed to explain of what they consist. It is desirable to state the facts with some fulness, as from what has appeared in the London press and from representations received from some of the Chambers of Commerce, it seems that some misapprehension has arisen on the subject in certain quarters.

99. The changes which we have introduced are two. Firstly, we have decided to remove the reserve of silver bullion from the Paper Currency Reserve, and to hold it as part of what was formerly styled the Gold Reserve Fund. Secondly, when it is so held, we have come to the conclusion that there is no object in keeping the bullion in an uncoined or partially coined state, and that the balance of advantage lies in holding it in the form of fully coined rupees.

100. The reason for the first of these measures was that when it became necessary to increase the amount of the ingot reserve, there was no longer room for it in the Paper Currency Reserve, and this applied equally whether the silver was held in the form of bullion or of fully coined rupees.

101. The primary and essential object of the Paper Currency Reserve, and that for which it has been created by law, is to provide for the encashment of currency notes on demand. For this purpose the law requires that for every note that is issued, in excess of the statutory investment, which at present is fixed at 12 crores of rupees, the Currency Reserve shall always contain an equal sum in legal tender coin or in bullion. It is quite legitimate that uncoined bullion should form part of the metallic portion of the Reserve, because it can be converted into legal tender coin in a very short time by the mechanical process of coining. But, though the time is short, it is still appreciable; in the case of bullion in ingot form it is not less than four days, and it can scarcely be reduced to less than three in any event. It is therefore manifest that uncoined bullion in the Currency Reserve is not quite so immediately effective for the purpose of encashing notes as an equal amount of coined money would be.

102. So long as the uncoined bullion bears only a comparatively small proportion to the coined money in the Reserve this relative disability is of little consequence; for in the event of heavy demands for trade or other purposes there would be ample time to complete the process of coinage before the stock of coin was reduced too far. When, however, the proportion of uncoined bullion is more considerable, this condition is no longer fulfilled. The value of the metallic reserve is limited by the volume of the note circulation and the amount of the paper currency investment (which last may be regarded as fixed), and all bullion held within the Currency Reserve must therefore displace legal tender coin of equal value. In these circumstances it can easily

be demonstrated that it is not possible to maintain a store of 600 lakhs of tolas of uncoined silver (approximately equivalent in value to four crores of coined rupees) within the Currency Reserve. If we take the note circulation at the beginning of the busy season at 42 crores, and if we estimate that 18 crores is a safe though not excessive rupee balance with which to begin that season, it will be seen that the Currency Reserve would then be constituted as follows :—

(1) Investment	12 Crores.
(2) Coined rupees	18 "
(3) Uncoined bullion, 6 crores of tolas, equal to	4 "
(4) Gold	8 "
	—
TOTAL	42 "

103. It would clearly be wasteful to reduce the investment, which is even now of moderate amount in proportion to the volume of the note circulation. As regards the metallic portion of the Reserve, it will be seen that the stock of gold would amount to only £5½ millions sterling. This is clearly insufficient for our needs. We require to keep from four to five millions sterling in the currency chest in London, primarily for the periodical purchase of silver, and also for the various subsidiary purposes explained in paragraph 75 of last year's Financial Statement; and when provision has been made for this, there would remain a sum of only £1½ millions at most with which to meet even the present demand for gold as a circulating medium in India. Nothing at all would be left in this country for contingent requirements, and in the event of an incipient drain of gold setting in, we should be driven back at once upon the London currency chest and the Gold Reserve Fund.

104. If we substitute coined rupees for the uncoined bullion in the Currency Reserve, the difficulty in regard to the prompt encashment of notes is no doubt removed. But the second and more serious difficulty, *viz.*, the reduction in the stock of gold, remains as before. The stock of rupees in the Currency Reserve can only be increased by reducing the stock of gold, and that cannot safely be done except within comparatively narrow limits.

105. When therefore experience had shown that the amount of the ingot reserve (or its equivalent in coined rupees) must be doubled, it at once became clear that there was no longer room for it in the Currency Reserve, and that other arrangements must be made.

106. The ideal method of maintaining a reserve of bullion for coinage purposes would be to purchase it from revenue or from loan funds, and to replenish it from the same sources as required from time to time. It would then form a stock of raw material for manufacture, held in exactly the same way as we hold stocks of rails or girders, or military stores for mobilisation. This plan, however, had to be discarded because of its costliness. It would have involved, either the reduction of our cash balances by about £2½ millions sterling, which it was quite beyond their capacity to bear, or the borrowing of an equivalent amount, which would have imposed a permanent charge of some £80,000 a year on Indian revenues, not to mention the impolicy of increasing our loans beyond the considerable sum already required for productive capital expenditure. This objection applies equally if the reserve bullion, instead of being held in that form, is coined into rupees, the latter being held in reserve apart from our ordinary balances.

107. In these circumstances, we came to the conclusion that the most appropriate course was to hold the bullion (or the rupees into which it was coined) in the Gold Reserve Fund. In this course there is nothing inconsistent with the purposes for which that fund was created. Hitherto, when silver has been purchased for coinage, the procedure, when stripped of incidental complications, has been as follows :—First, we pay for the silver with gold which is either actually or constructively withdrawn from the Paper Currency Reserve for the purpose. Secondly, we coin into rupees so much of the bullion as is required, at the standard rate of exchange, to replace the gold, thus bringing up the reserve to the amount required by law. Thirdly, the surplus bullion also is then coined into rupees, the amount thus obtained constituting the "profit on coinage" from which the Gold Reserve Fund has been built up. Fourthly, these last-named rupees are exchanged for gold. Lastly, the gold is remitted to England for investment in interest-bearing sterling securities. Under the arrangement now introduced, with the approval of the Secretary of State, this process will be arrested—but

only temporarily arrested—at the end of the third stage, *i.e.*, the rupees which form the “profit on coinage”, instead of being at once exchanged for gold and invested in sterling securities, are retained intact until required for actual use. They are held entirely apart from our Treasury balances. They will eventually be exchanged for gold and invested, but this process will be deferred till the demand for rupees requires it. It is true that the amount thus held uninvested is not earning interest in the meantime. The practical effect of the new system is in fact to make the Gold Reserve Fund bear the charge for interest on the capital locked up in the stock of rupees which has taken the place of the ingot reserve instead of imposing it on current revenues. Having regard however to the rapid growth of the fund during the past five years, we are of opinion that the question of its further accretion by interest is now of less importance than the formation and maintenance of a sufficient reserve of silver bullion, or of fully-coined rupees in lieu of bullion. Moreover, as is shown below, there will be no prolonged retardation or stoppage of the growth of the gold reserve.

108. The following illustration shows clearly the way in which the stock of bullion was actually built up within the Gold Reserve Fund during the present year. Early in the year, we purchased one million sterling worth of standard silver at approximately 30*d.* an ounce. This gave us about 215 lakhs of tolas. Out of this amount, 150 lakhs of tolas were coined into an equal number of rupees, which were placed in the Currency Reserve to replace the one million sterling spent in the purchase of the silver. The Mint charge for seignorage amounted to four lakhs, and about one lakh was required for the cost of freight and insurance and other miscellaneous charges. There remained a surplus of about 60 lakhs of tolas, which represented the net profit on the coinage of $1\frac{1}{2}$ crores of rupees, and these were placed, in a partially coined state, in the Gold Reserve Fund. They have since been coined into rupees, and these are held as a part of the Gold Standard Reserve, and are quite separate from our ordinary Treasury balances. The intention is to continue this process, so long as new coinage continues, until we have accumulated a total stock of 600 lakhs of rupees. We are now within measurable distance of reaching that figure.

109. To utilize this reserve, if circumstances should require it to be drawn upon, we should transfer from it to the Currency Reserve the amount required at the moment, say 150 lakhs of rupees, and credit the Gold Reserve Fund with the equivalent in gold, *i.e.*, one million sterling. This credit would be made either in India or in England as might be more convenient at the time. Of this gold a sum worth about 60 lakhs of tolas of bullion (£280,000, if silver were at 30*d.* an ounce) would be applied for investment in sterling securities as part of the Fund—that amount being the net profit on the coinage of 150 lakhs of rupees—while the remainder would suffice for the repurchase of the amount of silver which had been withdrawn from our stock, *viz.*, 150 lakhs of tolas, besides meeting the seignorage and miscellaneous charges. The stock of rupees in the reserve would thus be automatically restored to its full amount.

110. In connection with the new arrangement, we have deemed it expedient to change the name of the Gold Reserve Fund, which will henceforth be known as the Gold Standard Reserve. This change of designation does not connote any alteration in the objects of the fund. The original title might be deemed to indicate that the fund consisted exclusively of gold, either liquid or in the form of sterling securities. That would no longer be strictly correct, inasmuch as a part of it will henceforth be kept in the form of silver. This criticism cannot be applied to the new nomenclature. The primary object of the fund, now as formerly, is the effective maintenance of the gold standard, and its protection against whatever dangers may assail it. For this purpose it must always contain a large stock of gold or gold securities in a readily convertible form, on which we could draw in the event of the balance of trade turning against India and the Secretary of State being temporarily unable to find a market for his Council Bills without forcing down exchange. Hitherto, however, this danger has not actually presented itself, whereas, on the other hand, we have more than once been confronted with a temporary deficiency in our stock of rupees and with a difficulty in procuring new ones with sufficient promptitude. It is equally legitimate to employ the reserve, by whatever name it be called, to provide against this danger also.

111. It has been supposed in some quarters that the intention was to provide the stock of silver (whether of bullion or of rupees) within the Gold Standard Reserve, by selling out part of the gold securities of which the latter consists. It is true that circumstances might arise in which this course might conceivably become necessary

and legitimate. But they have not yet arisen, and the explanation given above will, I hope, make it clear that we contemplate no such measure as part of the normal procedure. In ordinary circumstances we propose to accumulate the desired stock by the simple process of abstaining from immediately converting the profits of coinage into gold.

112. The second of the two changes referred to in paragraph 99 above is of minor importance. According to the original plan the partially coined bullion was held in the form of ingots, assayed and alligated. We have now decided to complete the process of coinage, and to hold our stock of reserve silver in the form of fully coined rupees. The sole object of this step is to get rid of the delay that would occur before the bullion would be ready for issue in the form of legal tender coin. In paragraph 61 of the Financial Statement for 1905-1906, I gave reasons, which were, I think, valid at the time, for not adopting this course. These, however, no longer hold good. At that time the ingot reserve was held in the Currency Department. Had the bullion been coined into rupees, they must either have been merged in the ordinary stock of the Currency Reserve (which would have deprived the ingot reserve of all independent existence), or they must have been kept arbitrarily apart therefrom, which would have been difficult for the public to understand, and which is in no way contemplated by the Currency Act. Now, however, the silver reserve has no connection whatever with the Paper Currency Reserve, and is also held wholly apart from and outside our ordinary Treasury balances, and no risk of confusion can arise whether the form in which it is held consists of fully coined or of only partially coined rupees. In these circumstances, there seems no object in retaining it in a partially coined state, and it has therefore been arranged, with the approval of the Secretary of State, to extinguish the delay altogether by completing the operation of coinage at once.

E. N. BAKER.

March 20, 1907.

PART II.

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

Section I.—The Accounts of 1905-1906.

113. The Accounts of the year show a surplus of £2,091,854, being better ^{1905-1906.} by £336,154 than the surplus of £1,755,700 anticipated in the Revised Estimates ^{General Result of Accounts.} framed in March last.

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 9th instant.

114. The following is a general comparison of the Revised Estimates with ^{1905-1906.} the Accounts of the year, after an adjustment of the Railway figures as explained ^{Statement of the gross figures.} in paragraph 7:—

	Revised.	Accounts.	Accounts, better.	Accounts, worse.
Total Revenue, Imperial, Provincial and Local	£ 73,199,200	£ 73,327,957	£ 128,757	£
Total Expenditure, Imperial, Provincial and Local	71,363,100	71,212,109	150,991	
Adjustment of Provincial and Local Surplus or Deficit	80,400	23,994	56,406	
NET	71,443,500	71,236,103	207,397	
SURPLUS	1,755,700	2,091,854	336,154	

115. The revenue was higher, and the total expenditure smaller, than the estimate, the net improvement being £279,748. But as the Provincial and Local ^{1905-1906.} section of the accounts was worse by £56,406, the Imperial section was better by ^{General Remarks.} £336,154.

116. Out of this total improvement of £336,154 in the Imperial Section, ^{1905-1906.} £330,660 is accounted for by decreases of £284,966 and £45,694 in the net ^{Saving in Army and Special Defence Works Expenditure.} Army Expenditure and in the expenditure on Special Defence Works respectively. The Army receipts exceeded the Revised Estimate by £111,796, of which £82,500 represented a payment made by the War Office towards the end of March on account of the cost of five Native Infantry regiments employed in the Colonies. The receipts from the sale of unserviceable Ordnance Stores and Camp Equipage also exceeded anticipations. The Army expenditure was less than was expected by £173,170, of which £142,933 occurred in the payments to the War Office on account of reorganisation stores. There was also a considerable saving on the estimate of the extra expenditure in connection with the concentration of troops near Rawalpindi on the occasion of the visit to India of His Royal Highness the Prince of Wales. The saving under Special Defence Works was in the payments to the War Office on account of stores.

117. The Railway Revenue Account was worse by £23,534. The gross ^{1905-1906.} earnings fell short of the Estimate by £64,052, while the Working Expenses ^{Railway Revenue and Working Expenses.} exceeded it by £39,428, giving a total worseness of £103,480; but this was partly counterbalanced by a decrease of £72,575 in the payments of the surplus profits of Guaranteed Railway Companies, the payment due to the Bombay, Baroda and Central India Company for the half-year ending 31st December 1905 not having been made till after the end of the year. There was a small net decrease in the other charges appertaining to the Railway Revenue Account. The falling-off in the earnings occurred mainly on the Eastern Bengal, Rajputana-Malwa,

Indian Midland, and Great Indian Peninsula Systems, while there was an increase on the East Indian and Oudh and Rohilkhand Railways. The bulk of the increase in Working Expenses occurred on the East Indian, North-Western, Oudh and Rohilkhand and Bengal-Nagpur Railways, the only line on which there was an important decrease being the North-East line of the Madras Railway.

1905-1906.
Deficiency in
Land Revenue
collections.

118. The collections of Land Revenue, including the share due to Irrigation, fell short of the estimate by £109,752. The more noticeable decreases occurred in Bombay (£56,977) owing to an under-estimate of the suspensions necessitated by unfavourable agricultural conditions, and in Burma (£46,567) and the Central Provinces and Berar (£30,419), due to an over-estimate of the normal demands of the year.

1905-1906.
Other variations
under Revenue.

119. Of the total improvement of £279,748 over the Revised Estimate, £197,374 is thus accounted for by the variations mentioned above in the Expenditure on Army and Special Defence Works and under Land Revenue and the Railway Revenue Account. The remainder of the improvement (£82,374) is the net result of an increase of £230,193 in the receipts and of £147,819 in the expenditure under other heads. The more important items which contributed to the increase in Revenue are: Salt (£39,710), Stamps (£58,664), Excise (£34,320), Provincial Rates (£23,451), Customs (£23,117), and Miscellaneous (£35,400). There was, on the other hand, a decrease of £21,720 in the opium revenue, due to unusually low issues of Malwa opium in March. The issues of Northern India salt in March were exceptionally high, while there was an increase in the Stamp Revenue of most of the Provinces. Under Excise and Customs sufficient allowance had not been made for the heavy clearances from bond of country spirits made after the European method and for the imports of foreign spirits in anticipation of the rise in duty. The bulk of the increase under Provincial Rates was in Madras and Bombay, while under Miscellaneous the amount of unclaimed deposits lapsing to Government was underestimated in several provinces.

1905-1906.
Other variations
under Expendi-
ture.

120. The excess of £147,819 in expenditure was the net result of increases and decreases under a number of heads, the only noticeable items being an increase of £42,708 under Education and of £25,600 under Miscellaneous, and a decrease of £28,247 under Minor Works and Navigation. The increase under Education resulted chiefly from heavier payments for building and furniture grants in Burma, the United Provinces, Punjab and Bombay. Grants-in-aid unexpectedly sanctioned towards the close of the year to the Moulmein, Bellary and Ootacamund Municipalities swelled the charges under Miscellaneous; and there was also an increase in the charges connected with the visit of His Royal Highness the Prince of Wales, and in those for interest on loans taken by Native States but payable by Government under the terms of the Delhi Durbar concession. The saving under Minor Works occurred chiefly in the Central Provinces, Burma, Bengal, the United Provinces, and Bombay.

1905-1906.
Decrease in
Provincial and
Local Surplus.

121. The decrease in the Provincial and Local surplus was the outcome of an increase of £44,799 in the Provincial and Local Revenues, mainly under the heads mentioned in paragraph 119, and of an increase of £101,205 in the Provincial and Local Expenditure, chiefly in the charges of the several Civil Departments.

Section II.—The Revised Estimate of 1906-1907.

1906-1907.
Statement of the
gross figures.

122. The following is a general comparison of the Revised Estimate with the Budget Estimate of 1906-1907:—

	Budget.	Revised.	Revised better.	Revised worse.
	£	£	£	£
Total Revenue	73,711,100	75,626,900	1,915,800	...
Total Expenditure	73,914,600	73,687,300	227,300	...
Adjustment of Provincial and Local Surplus or Deficit	—1,077,600	613,500	...	1,691,100
NET	72,837,000	74,300,800	...	1,463,800
SURPLUS	874,100	1,326,100	452,000	...

123. As explained in paragraph 7, the Working Expenses of State Railways and the surplus profits paid to Companies working State lines have been deducted from the gross earnings of State Railways, and only the net earnings have been included as revenue in the figures for both the Budget and Revised Estimates for the year. 1906-1907.
Railway earnings
shown net.

124. Of the increase in the total Revenue and decrease in the total Expenditure, an increase of £753,400 in Revenue and of £301,400 in Expenditure appertains to the Imperial Government, and the net outcome is the improvement of £452,000 in the Surplus shown in the table. In the Provincial and Local Section there is an increase in revenue of £1,162,400 and a decrease in expenditure of £523,700, or a total improvement of £1,691,100. The result is that the Local Governments, instead of drawing upon their balances to the extent of £1,077,600, as provided in the Budget, will add £613,500 to their accumulated balances. 1906-1907.
General Remarks.

125. Of the increase in the revenue of Provincial Governments, however, the major part is due to assignments from the Imperial Revenues in excess of the amounts provided in the Budget. If these transfers were eliminated, the true increase of revenue in the Imperial Section would be £1,482,400 and in the Provincial and Local Section it would be £433,400. The excess transfer of Imperial Revenue to Provincial Governments has thus been £729,000, made up as follows. As explained in paragraph 28 an initial lump grant of R50,00,000 has been made to the Provincial Revenues of Burma to start the new settlement which comes into effect from 1907-1908. A special assignment of R40,67,000 has also been made, as explained in paragraph 57, to the Provincial Governments of the United Provinces and Bombay to cover the expenditure incurred by them on famine relief in 1905-1906 and 1906-1907. During the course of the year it was also found that the new settlement concluded with Eastern Bengal and Assam was unfavourable to the Local Government and it was accordingly decided to raise the annual assignment by R6,83,000. Assignments amounting to R2,46,000, R6,94,000 and R78,000 were sanctioned during the year to Local Governments for expenditure on European and Eurasian Education, Minor Irrigation Works and Archæological works respectively. For these objects lump provisions had been made in the Budget under Imperial Expenditure pending distribution of the allotments among the several Local Governments. A special assignment of R1,67,000 has also been sanctioned to the Government of Bengal for an increase in the cadre of Deputy Magistrates. The total additional assignments thus made in the current year to Provincial Governments, in addition to the assignments provided in the Budget, amount to R1,09,35,000 or £729,000, and have the effect of reducing the Imperial share of Land Revenue receipts to that extent by a corresponding increase in the Provincial share. 1906-1907.
Special
assignments to
Local
Governments.

126. The more important variations leading to the large improvements in the Revised Estimate of Revenue are the following:— 1906-1907.
Variations in
Revenue.

	Imperial.	Provincial and Local.	Total.	Total.
	R	₹	R	£
<i>Increases—</i>				
Opium	1,16,49,000	...	1,16,49,000	776,600
Mint	32,07,000	...	32,07,000	213,800
Exchange	23,00,000	...	23,00,000	153,300
Miscellaneous	23,32,000	—1,12,000	22,20,000	148,000
Interest	13,65,000	72,000	14,37,000	95,800
Land Revenue (including that due to Irrigation)	—96,15,000	1,23,18,000	27,03,000	180,100
Stamps	3,77,000	3,93,000	7,70,000	51,300
Excise	6,20,000	7,21,000	13,41,000	89,400
Assessed Taxes	5,64,000	4,52,000	10,16,000	67,700
Post Office	5,81,000	—6,000	5,75,000	38,300
Civil Works	1,28,000	4,78,000	6,06,000	40,400
Major Irrigation Works	9,74,000	24,17,000	33,91,000	226,100
Army Services	7,62,000	...	7,62,000	50,800
<i>Decreases—</i>				
Customs	23,44,000	13,000	23,57,000	157,100
Salt	15,85,000	65,000	16,50,000	110,000
Net receipts from Railways	7,05,000	—14,000	6,91,000	46,100

1906-1907.
Opium, Mint,
Exchange,
Miscellaneous
and Interest.

127. By far the largest increase in Imperial revenue occurs under Opium. The price of Bengal opium continued high throughout the year, the average price obtained at the monthly sales being R1,391 per chest against R1,125 assumed in the Budget, thus contributing a revenue of R1,40,33,000 in excess of the Budget Estimate. The exports of Malwa opium on the other hand have declined very seriously and there is a decrease in the receipts from duty of R24,25,000 compared with the Budget Estimate. The Miscellaneous receipts under the head, including cost price of opium sold in the Excise Department, are R41,000 more than the Budget. The net increase under the head is thus R1,16,49,000 (£776,600). The seignorage duty on the exceptionally heavy silver coinage of the year is mainly responsible for augmenting the Mint receipts to the extent of R32,07,000 (£213,800). The average rate of exchange obtained for Council Bills has been favourable and the sale of Bills has been very heavy; the receipts under the head Exchange thus having increased by R23,00,000 (£153,300). Of the increase of R22,20,000 (£148,000) under Miscellaneous, R16,67,000 represents two instalments of the Tibet indemnity, R1,34,000 the value of old outstanding currency notes which has been credited to Government on the assumption that they are no longer in circulation, and R1,81,000 an excess credit in Bombay on account of the adjustment of the cost of famine labour employed on relief works. The interest realised on the investment of the cash balances in England and on the Paper Currency investments is expected to exceed the Budget Estimate by £137,900; while out of the interest due on the Calcutta Port Trust Loans R5,96,000 is not expected to be paid in until next year.

1906-1907.
Land Revenue
and other heads.

128. Under Land Revenue there is an excess of R39,12,000 in Bombay, due partly to an under-estimate of the current demand and partly to better collections in consequence of the more favourable agricultural conditions. The collections in Eastern Bengal and Assam, Punjab, North-West Frontier Province and Madras are also expected to exceed the Budget by R2,00,000, R10,03,000, R1,09,000, and R9,60,000, respectively. Most of the other provinces show a decrease; the most notable item being one of R21,00,000 in Burma, due to floods and scarcity in some parts of the province. The very large figures shown under this head in the Imperial and Provincial Sections are, in a great measure, the result of the assignments of R1,09,35,000 as explained in paragraph 125; the transfer of this amount accounts for the minus figure in the Imperial column. The increases under Stamps, Excise, Assessed Taxes, and Post Office, and some minor increases under Forest and Registration, represent the normal growth of the revenues generally throughout the country at a somewhat more rapid pace than was allowed for in the Budget Estimates. The only points worth special mention here are that the growth of the Stamp revenue in Bombay and the Central Provinces, and of Assessed Taxes in Burma, has received a check in the current year, there being a decline of R1,80,000 and of R84,000 under the former head in the two provinces respectively and of R40,000 in the latter as compared with last year. The Budget provided for a falling off of R14,000 in the Stamp revenue of the Central Provinces and for improvements of R50,000 in both the Stamp revenue of Bombay and the Assessed Taxes receipts of Burma. The bulk of the increase under Direct Receipts from Major Irrigation Works occurs in the United Provinces and the Punjab, and is due to the development of irrigation, partly under normal conditions and partly in consequence of the dryness of the seasons having increased the demand for canal-water. Under Civil Works there is an increase in all the provinces except the United Provinces, where there is a small decrease. The increase is mainly in rents of buildings, receipts from ferries and tolls and in the profits of the Darjeeling-Himalayan Railway. There are also some special receipts in the Punjab from the sale of lands in the Hissar District and in Bombay from the sale of some buildings. The improvement in the Army receipts is mainly due to the large sale of ordnance stores to Native States, to an abnormal sale of unserviceable ordnance and other stores, to increased receipts from clothing stores, and to a special receipt from the War Office on account of furlough pay of Native troops earned while on field service in China and Somaliland and specially granted to them on return to India. On the other hand the receipts from the sale of malt liquor and from dairy farms are smaller than had been anticipated.

1906-1907.
Customs Revenue.

129. The decrease under Customs occurs chiefly (1) in the duty on spirits and liqueurs, the imports having diminished in consequence of the heavy stocks

laid in at the close of last year in anticipation of the increase in the rate of duty; (2) in the export duty on rice, the scarcity and the consequent high prices ruling in India throughout the year having diminished the exports from Bengal and having also led to the diversion of a large portion of the Burma exports from foreign to Indian ports; and (3) in the import duty on cotton manufactures. On the other hand, there has been an appreciable increase in the imports of silver and of sugar, the latter chiefly from Germany and Java.

130. Of the decrease under Salt Rs. 8,00,000 is the anticipated result of the reduction of the duty during the last 12 days of the year. Apart from this there is an increase in Bengal while there is a large decrease in Madras and Northern India, amounting in the former case to nearly 10 lakhs. The Budget Estimate of Madras was based on the actuals of the previous year and sufficient allowance was not made for the higher rate at which duty was realised in that year on the credit sales outstanding at the close of 1904-1905. The decline in Northern India is attributed to traders deferring their purchases towards the close of the year in the hope of a reduction in the duty.

131. As regards Railways there is an improvement of Rs. 48,40,000 (£322,700) in the gross earnings, but this is swallowed up by a larger increase in the Working Expenses. The chief variations occur in the following lines:—

	INCREASE + ; DECREASE —.		
	Gross Receipts.	Working Expenses.	Net Receipts.
East Indian	+ 20,00,000	+ 43,77,000	— 23,77,000
Rajputana Malwa	— 10,00,000	+ 6,60,000	— 16,60,000
Bengal Nagpur	— 5,00,000	+ 10,00,000	— 15,00,000
Eastern Bengal	+ 25,00,000	+ 4,50,000	+ 20,50,000
North Western	+ 15,00,000	— 23,50,000	+ 38,50,000
Indian Midland	+ 19,50,000	+ 9,50,000	+ 10,00,000
Great Indian Peninsula	— 30,00,000	— 7,25,000	— 22,75,000

132. The improvement in traffic receipts on the East Indian Railway is ascribed to a great increase in the long distance carriage of coal: on the Eastern Bengal State Railway to a big jute trade and to heavy movements of grain in consequence of scarcity in Eastern Bengal; on the Indian Midland Railway to an improvement in traffic in food grains and other merchandise and on the North Western Railway to greater mileage and to good seasons. The Rajputana Malwa and the Great Indian Peninsula systems suffered from the unfavourable agricultural conditions in Western India, and carried less raw cotton and grain than they had budgeted for. The increase in Working Expenses, wherever it occurs, is mainly explained by the cost of handling the increased traffic, by heavy renewals of way and works, and partly also by the high cost of coal. The North Western Railway, on the other hand, has been unable, through the late delivery of sleepers, to carry out the improvements in its permanent way for which provision was made.

133. The excess of Imperial expenditure over the Budget provision amounts, as mentioned in paragraph 124, to £301,400 (Rs. 45,21,000). The more important variations which have led to this increase are the following:—

Increases—	1906-1907.	
	R	£
Famine Relief and Insurance	28,21,000	188,100
Gross charges for Interest on Debt	15,87,000	105,800
Political	8,16,000	54,400
General Administration	4,58,000	30,500
Opium	6,83,000	45,500
Stationery	10,09,000	67,300
Miscellaneous	6,76,000	45,100
Guaranteed Railways surplus profits, etc.	6,22,000	41,400
Decreases—		
Scientific and other Minor Departments	5,04,000	33,600
Subsidized Companies, Land, etc.	5,58,000	37,200
Minor Works and Navigation	14,60,000	97,300
Military Works	6,52,000	43,500
Special Defences	13,53,000	90,200
Army Services	2,19,000	14,600

1906-1907.
Salt Revenue.

1906-1907.
Net earnings o
Railways.

1906-1907.
Variations in
Imperial
Expenditure.

1906-1907.

Famine Relief and Insurance.

134. The largest of the above items is the result of a saving of R28,22,000 (£188,100) on the Provincial allotments for Famine Relief Expenditure. Inasmuch as the total grant for Famine Relief and Insurance is a fixed amount of R1,50,00,000 (£1,000,000), any reduction in the share of it that may have been provided in the Provincial section necessitates a corresponding increase in the Imperial allotment, which is taken under the head Reduction of Debt. There are also savings on the allotment for Imperial Expenditure on Famine Relief and Protective Irrigation Works, but these do not enhance the Imperial surplus as their effect is to cause a corresponding increase under Reduction of Debt. The net increase in the Imperial Expenditure for Famine Relief and Insurance is thus the exact amount of the saving on the allotment for Provincial Expenditure for the purpose. The measures explained in paragraphs 48 to 56 will stop the anomalous arrangement by which a decrease in the Provincial Expenditure on Famine Relief had the effect of reducing the Imperial surplus of the year and *vice versa*.

1906-1907.

Interest Charges.

135. The next largest increase in Imperial Expenditure has occurred under Interest, the increase being R15,87,000 (£105,800), of which R2,00,000 (£13,300) in India is more than explained by higher charges for discount and interest on the new loan raised during the year; and £92,400 in England is covered by the discount on the India 3 per cent stock of £2,000,000 raised there.

1906-1907.

Political and General Administration.

136. The increase under Political is due to the expenses connected with the tour of His Majesty the Amir in India, partly counterbalanced by a saving in consequence of His Majesty not having drawn during the year the full amount provided in the Budget on account of his subsidy. The bulk of the increase under General Administration has been contributed by the expenses of the State visit to Agra.

1906-1907.

Opium Expenditure.

137. The actual outturn of the opium crop of the year was larger than expected and there is an increase of R6,83,000 in the expenditure under the head Opium, mainly to cover additional payments to cultivators.

1906-1907.

Stationery and Printing charges.

138. The bulk of the increase under Stationery and Printing occurs in England in the charges for Stores. In India also there is an increase of R5,67,000 chiefly in the charges of the Government of India Central Press and for purchase of Central Stores; but the latter item has been partially counterbalanced by larger recoveries from Local Governments on account of supplies made to them.

1906-1907.

Miscellaneous.

139. Under Miscellaneous, the increase is due to arrear charges connected with the visit of His Royal Highness the Prince of Wales and to the cost of the special Commissions of Enquiry appointed during the year.

1906-1907.

Surplus Profits, etc., of Guaranteed Railway Companies.

140. No provision was made in the Budget Estimate for payment of surplus profits of Guaranteed Railway Companies; but the Bombay, Baroda and Central India Railway Company drew their share for the half-year ending 31st December 1905 and some arrears of previous half-years in the current year. The Madras Railway also has unexpectedly earned surplus profits in the first half of 1906.

1906-1907.

Army Expenditure.

141. The variations in the ordinary and special expenditure under Army are as follows:—

	India.		England.	TOTAL.
	R	£	£	£
ORDINARY—				
Budget . . .	20,14,51,000	13,430,100	4,558,000	17,988,100
Revised . . .	20,20,44,000	13,469,600	4,681,200	18,150,800
Increase . . .	5,93,000	39,500	123,200	162,700
SPECIAL—				
Budget . . .	1,22,08,000	813,800	1,044,800	1,858,600
Revised . . .	1,09,88,000	732,500	948,800	1,681,300
Decrease . . .	12,20,000	81,300	96,000	177,300
Net decrease . . .	6,27,000	41,800	-27,200	14,600

142. The increase in the ordinary expenditure in England is due, to the extent of £46,000, to the engagement of two fresh ships for an accelerated service and to the conveyance of a larger number of troops partly from South Africa and to the trooping voyage of the Royal Indian Marine Ship "Dufferin". There are also increases of £50,000 in the furlough allowances of officers of the Indian service; of £16,000 in furlough pay during the voyage of British forces on the Indian Establishment; and of £48,200 in the payments to the War Office on account of the effective and non-effective charges of the British Troops serving in India. These increases have however been partially counterbalanced by a saving on the estimate for Stores. Of the increase in India, R4,50,000 are on account of the expenses for the concentration of troops at Agra in connection with the visit of His Majesty the Amir, and the balance is the net result of a number of increases and decreases due to a variety of causes. The chief increases are :—

	R
(1) Charges for food supplies and compensation for dear-ness of food and forage in consequence of the prevalence of high prices	17,00,000
(2) Service pay of British soldiers	2,00,000
(3) Pay of British Officers owing to an over-estimate of the savings due to absence on leave, etc.	2,00,000
(4) Charges for the Tibet Mission due to high prices of food supplies	2,98,000
(5) The share of the charges for bounties to time-expired British soldiers which has been debited to ordinary Expenditure, the remainder being treated as Special Expenditure	1,90,000
(6) Compensation in lieu of clothing to British troops	2,00,000
(7) Sea transport charges and conveyance of stores	2,00,000
(8) Purchase of Camp Equipage	1,10,000

The chief decreases are :—

(1) Pay of British troops, owing to short strength	5,00,000
(2) Native Army Reserve	3,00,000
(3) Smaller purchase of malt liquor	3,65,000
(4) Ditto of medical supplies	1,70,000
(5) Ditto of transport animals, remounts and ordnance mules	2,00,000
(6) Reduction in the Army Bearer Corps	1,25,000
(7) Grass and Dairy farms	1,35,000
(8) Savings in pay of officers and establishments of Supply and Transport Corps	1,50,000
(9) Savings under officers of the Indian Army, unattached etc.	1,70,000
(10) Charges of the Aden Delimitation Commission consequent on the demobilisation of the force at D'thala	2,38,000

143. The saving in special expenditure has occurred chiefly (1) in the reorganisation of horse and field batteries, the original plans having been materially modified on the advice of the Army Council and certain details not having been finally decided yet; (2) on the provision for purchase of land and new regimental lines in connection with the redistribution scheme; (3) on the provision for increase in reserves of rifles and artillery rearmament, the manufacture of rifles by the Ishapore Rifle Factory and of guns by the Cossipore Factory having been smaller than expected; and (4) on the provision for increase of Native Army Reserves owing to the enrolment of additional reservists not having come up to expectations. A part of the savings has, however, been applied to (1) the constitution of a new Chief of the Staff's Division at Army Head-quarters, the larger portion of the establishment having been obtained by transfer from the divisions of the Adjutant General and Quarter Master General; (2) the grant of concessions to the Native Army in the shape of increased kit-money on enlistment, an annual grant for boots and larger facilities for visiting their homes in the hot weather; and (3) the payment of bounties to time-expired British soldiers to induce them to continue their service in India. A part of this expenditure will be borne by His Majesty's Government and, pending settlement of the exact allocation, the expenditure which is likely to be ultimately recovered has been debited to ordinary expenditure.

1906-1907.
Minor Works and
Navigation,
Special Defences.

144. The most important lapses on the grants for Imperial Expenditure are R14,60,000 (£97,300) under Minor Works and Navigation and R13,53,000 (£90,200) under Special Defences. The Budget provided for a reserve under the former, to assist provincial schemes; but only a part of this has been allotted to Local Governments and the expenditure is shown as Provincial. The balance has not been utilised. It has not also been found possible to spend during the year the whole allotment made for Special Defences, and there is a saving of R6,33,000 (£42,200) in India and £48,000 in England; a reconsideration of the armament required for port defences delayed the utilisation of the Budget provision in full.

1906-1907.
Scientific, &c.,
Subsidised
Companies,
and Military
Works.

145. Of the saving under Scientific and other Minor Departments £20,500 occurs in England in the charges for stores and for the "Provincial Gazetteer of India." In India there is a saving of R1,97,000 chiefly in the expenditure of the Survey of India. The Budget provisions for land for the Dacca Railway extensions and some other Railways were not utilised at all, while the grant for the Bengal and North-Western Railway was only partially utilised. Under Military Works, the progress of the special building operations in connection with the redistribution scheme has been slower than was expected.

1906-1907.
Variations in
Provincial
Expenditure.

146. The more important variations which have led to the saving of £528,700 in Provincial and Local expenditure are the following:—

Decreases—	R	£
Land Revenue	8,26,000	55,100
Police	11,19,000	74,600
Education	13,03,000	86,800
Scientific and Minor Departments	6,95,000	46,300
Famine Relief	28,22,000	188,100
Civil Works	21,64,000	144,300
<hr/>		
Increases—		
Jails	6,69,000	44,600
Major Irrigation Works, Working expenses	5,95,000	39,800
Courts of Law	3,78,000	25,200
<hr/>		

1906-1907.
Land Revenue
Charges.

147. Under Land Revenue there are savings of (1) R3,09,000 in Bengal, due to the allotment for additional officers and reorganisation of the pay of establishment not being fully utilised; (2) R1,21,000 in the United Provinces, due to a delay in the introduction of the scheme for improving the position of the kanungo establishment and a saving in the outlay on improvement of Government Estates; (3) R3,35,000 in Madras, due to a delay in the revision of village establishments in Proprietary Estates; and (4) R1,49,000 in Bombay, where the Budget was pitched too high. On the other hand the Budget estimate in Burma has proved too low and there is an increase of R94,000.

1906-1907.
Police, Education,
Scientific and other
Minor
Departments.

148. The savings under Police, Education and Scientific and other Minor Departments are due to the inability of most of the Local Governments to utilise to the full extent the large allotments made for Police reform, development of Education and reorganisation of the Educational Service and for expansion of the Agricultural Department and Experimental farms. A part of the allotments under Education has also been transferred in some of the provinces to Civil Works for the construction of educational buildings.

1906-1907.
Famine Relief.

149. An improvement in agricultural conditions has led to a saving on the allotments for Famine Relief in Bombay (R32,20,000), Madras (R3,00,000), and the Punjab (R1,18,000); but there are excesses of R75,000 and R8,00,000 in Eastern Bengal and Bengal respectively, where there has been considerable local scarcity.

1906-1907.
Civil Works
Expenditure.

150. When the Budget Estimates were framed in March last the agricultural outlook in Bombay was very unfavourable, and the necessity for setting aside a large sum from Provincial revenues for expenditure on famine relief led to a restriction in the programme of Provincial expenditure on Civil Works in the province. The subsequent improvement in the position, however, set free a considerable part of the funds provided in the Budget for expenditure on famine relief, and they have been applied to increase the expenditure on Civil Works, which is now expected to exceed the Budget Estimate by R20,38,000. There is an increase of R61,000 in the United Provinces due

to similar causes. These increases are, however, more than counterbalanced by heavy lapses in Burma, Bengal and Madras, owing to the progress of Provincial works being slower than had been hoped by the Local Governments. There are also considerable lapses in the grants under the control of Local Boards, especially in Bengal and Madras.

151. The exceptionally high prices of food supplies which ruled during the year have increased the cost of dietary in Jails in most of the provinces.

1906-1907.
Jails.

152. Under Major Irrigation Works—working expenses, the increase is chiefly in the Punjab, being due to certain unforeseen important works and repairs on the Lower Chenab, Lower Jhelum, Western Jumna, Sirhind and Upper Bari Doab canals.

1906-1907.
Major Irrigation
Works—Working
Expenses.

153. A comparatively small increase under Courts of Law is distributed over all the provinces except the Central Provinces and Bombay, and is due partly to increased charges for diet money to witnesses and grain compensation allowances granted to establishments in consequence of the high price of food, and partly to the abolition of the rule restricting the grant of acting allowances in the case of officers promoted during the first 30 days of privilege leave vacancies. In the Central Provinces there is a saving of R1,34,000 mainly in consequence of the separation of certain Judicial and Executive Establishments having been effected from 1st October instead of from 1st April 1906, as provided in the Budget. In Bombay there is a saving of R10,000 only.

1906-1907.
Law and Justice—
Courts of Law.

Section III.—The Budget Estimate of 1907-1908.

154. The following is a general comparison of the Budget Estimate of 1907-1908 with the Revised Estimate of 1906-1907 :—

1907-1908.
Statement of gross
figures.

	Revised, 1906-1907.	Budget, 1907-1908.	1907-1908 Better than 1906-1907.	1907-1908 Worse than 1906-1907.
Total Revenue	£ 75,626,900	£ 75,012,800	£ ...	£ 614,100
Total Expenditure	73,687,300	74,681,400	..	994,100
Adjustment of Provincial and Local Surplus or Deficit.	613,500	—443,300	1,056,800	...
Total Expenditure charged to Revenue.	74,300,800	74,238,100	...	...
Surplus	1,326,100	774,700	...	551,400

155. The principal feature of the estimate of Revenue is a decrease in the receipts from salt and opium. As announced in paragraph 6 the duty on salt is being reduced, except in Burma, by 8 annas a maund with effect from to-day. This makes the duty uniform throughout India and Burma at one rupee per maund, except in regard to salt produced in the small State of Mandi in the Punjab. In accordance with the existing arrangements with the Raja, the duty on Mandi salt will be reduced from 4½ annas to 3 annas a maund. The estimate of salt revenue next year is R1,50,00,000 less than the Revised Estimate of the current year. The sacrifice of revenue entailed by the reduction of duty is really much larger; but against it have to be set (1) the increase in consumption due to the stimulus given by the reduction, and (2) the realisation of a part of the duty next year in Madras and Bombay at the old rate of R1-8 per maund. The reason for the latter set-off is the system of credit sales which prevails in these two provinces. The duty on about four million maunds of Madras salt and on a small quantity of Bombay salt remains always unrealised, the dealers being allowed a running credit on the security of a deposit of Government promissory notes. The duty on these credit sales now outstanding will be realised next year at R1-8 per maund, the rate prevailing at the time when the salt was actually issued, while the duty on the credit sales outstanding at the end of next year will be paid at one rupee per maund only. The estimate for next year accordingly includes an extra eight annas of duty per maund on the credit sales outstanding

1907-1908.
Salt Revenue.

on the 31st of this month in Madras and Bombay. The loss involved by the reduction of the duty on the estimated consumption of next year is about 210 lakhs of rupees; but, under the system above explained, about 20 lakhs of the loss will in effect be carried forward into 1908-1909.

1907-1908.
Opium Revenue.

156. The reduction in opium receipts is a consequence of the restriction of the exports from India to China (*vide* paragraph 34). The sales of Bengal opium have been at the rate of 4,400 chests a month during 1906-1907; but it has now been notified that only 4,000 chests a month will be sold from July 1907. There will thus be a decline of 3,600 chests as compared with the sales of the current year. In view also of the drop in the price of Bengal opium up to the last month of the current year, it has not been considered prudent to take the price at a higher rate than R1,250 per chest against an average rate of R1,391 actually obtained in the current year. The receipts from the sale of Bengal opium next year have thus been taken R1,19,33,000 less than the Revised Estimate of 1906-1907. On the other hand, the exports of Malwa opium in the current year have been the smallest known for many years and a recovery has been provided for next year, the receipts from the duty on the exports in that year being taken at R5,00,000 higher than those of the current year. The cost price of opium sold in the Excise Department has also been taken higher by R84,000. The total estimate of opium revenue is thus R1,13,49,000 less than the Revised Estimate of the current year.

1907-1908.
Changes in postal rates.

157. As referred to in paragraph 38 it has been decided to make the following reductions in postal rates with effect from 1st October next:—

- (a) To raise the letter weight, carried by foreign post to places within the British Empire for 1 anna, from half an ounce to one ounce; and for places outside the British Empire, to raise the letter weight carried for $2\frac{1}{2}$ annas to one ounce, and to fix $1\frac{1}{2}$ annas as the rate for each ounce or fraction of an ounce carried in excess of one ounce, the present rate being $2\frac{1}{2}$ annas for each half ounce. These concessions are estimated to entail a loss of revenue of R2,00,000 during the six months of next year in which they will have effect.
- (b) To raise the letter weight carried by the inland post in India for $\frac{1}{2}$ anna from three quarters of a tola to one tola. This concession is estimated to cost R4,50,000 in the last six months of next year.
- (c) To raise the letter weight carried by the inland post in India for 1 anna from one and a half tolas to three tolas, and to fix 1 anna as the rate for every additional three tolas or fraction of it in place of 1 anna for every one and a half tolas. This concession will entail a loss of R4,50,000 during the last six months of next year.

158. The total loss of postal revenue entailed by the concessions enumerated above, between the 1st October 1907 and the 31st March 1908, is estimated at R11,00,000. It is expected that, if there had been no change in rates, the normal growth of postal business would have brought in next year an additional revenue of R15,55,000. The Budget Estimate of postal revenue for next year has accordingly been placed only R4,55,000 higher than the Revised Estimate of the current year.

1907-1908.
Main features of Expenditure Estimates.

159. On the other side of the Budget, it has been decided to spread the special expenditure entailed by the measures connected with the reorganisation and redistribution of the Army over a longer period, and to reduce the annual grant for this special expenditure for next year from 325 lakhs of rupees (£2,166,600), to 250 lakhs (£1,666,600), *i.e.*, by 75 lakhs of rupees (£500,000). The amount regranted next year on account of lapses on the current year's Budget Estimate of special expenditure is $47\frac{1}{2}$ lakhs in place of 90 lakhs regranted in the current year out of the lapses of last year.

1907-1908.
Special assignment for Police expenditure.

160. A special assignment has again been placed at the disposal of the Provincial Governments for police reform. On this occasion the amount is $22\frac{1}{2}$ lakhs (£150,000); and Burma has been omitted from the distribution, the full amount required for its police reforms having been given to that province, as a standing provision in connection with the revision of its Provincial settlement. The total amount allotted for police reform since 1905-1906 is now $97\frac{1}{2}$ lakhs a year (£650,000), besides 8 lakhs (£53,300) which has been included in the terms of the Burma Provincial Settlement.

161. The effect of the reduction in the salt duty and the changes in the postal rates is to reduce to £774,700 a surplus which would otherwise have been about £2,114,700. The estimated Revenue and Expenditure of the year is distributed as follows:—

	Imperial.	Provincial and Local.
Revenue	£ 50,525,400	£ 24,487,400
Expenditure	49,750,700	24,930,700
Surplus (+) or Deficit (—)	+774,700	—443,300

As compared with the Revised Estimate for the current year, there is a decrease in revenue of £614,100 (R92,11,000) and an increase in expenditure of £994,100 (R1,49,12,000). Of the decrease in revenue £712,500 appertains to the Imperial Government, while in the expenditure of the Imperial Government there is a decrease of £161,100, the net result being a decrease in the surplus of £551,400. In the Provincial and Local Sections there is an increase in revenue of £98,400 and an increase in expenditure of £1,155,200, or a net worseness of £1,056,800. The result is that the Provincial and Local balances will be drawn upon to the extent of £443,300, against the £613,500 by which the Revised Estimate of the current year provides that they will be increased.

162. It has already been mentioned that, as compared with the Revised Estimates of the current year, the decrease in the Budget Estimate for Salt is R1,50,00,000. Under the existing settlement with Burma, half the salt revenue there is Provincial; but under the new settlement which comes into effect next year, the whole of it has been imperialised. There is, therefore, a decrease of R8,35,000 under the head in the Provincial section and the decrease in the Imperial section is R1,41,65,000. The decline under Opium revenue is R1,13,49,000. These two heads, therefore, account for a decrease in Imperial revenue of R2,55,14,000 (£1,700,900); but as the total decrease in Imperial revenue is only R1,06,88,000 (£712,500), there is an increase of R1,48,26,000 (£988,400) under heads other than Salt and Opium while, as mentioned before, there is an improvement of £98,400 (R14,76,000) in the Provincial and Local Sections. The chief variations which have brought about these increases are the following:—

	Imperial.	Provincial and Local.	Total.		
	R	R	R	£	
Increases—					
Land Revenue (including that due to Irrigation)	79,29,000	—18,14,000	61,15,000	407,700	1907-1908. Main features of Estimates of Revenue. 1907-1908. Variations under Revenue heads other than Salt and Opium.
Stamps	21,11,000	73,000	21,84,000	145,600	
Excise	13,66,000	31,49,000	45,15,000	301,000	
Provincial Rates	—15,000	6,36,000	6,21,000	41,400	
Customs	44,13,000	—86,000	43,27,000	288,400	
Forest	7,04,000	6,04,000	13,08,000	87,200	
Interest	—3,25,000	5,29,000	2,00,000	13,300	
Telegraph	5,92,000	...	5,92,000	39,400	
Railways: Net Earnings	51,96,000	...	51,96,000	346,400	
Decreases—					
Mint	25,57,000	...	25,57,000	170,400	
Marine	8,90,000	—80,000	8,10,000	54,000	
Exchange	9,00,000	...	9,00,000	60,000	
Miscellaneous	15,08,000	—65,000	14,43,000	96,200	
Major Irrigation Works— Direct Receipts	3,64,000	15,51,000	19,15,000	127,700	
Receipts by Military Department	7,73,000	...	7,73,000	51,500	

163. The improvement under Land Revenue is distributed over all the provinces with the exception of the Punjab and the North-West Frontier Province where the figures are practically stationary, and Bombay where there is a

decrease of R15,30,000. The improvement is the result generally of better harvests throughout the country and in places also it is due to revision of settlements and extension of cultivation. The largest increases are expected in the United Provinces (R24,16,000) where the remissions next year are estimated to amount to R2,02,000 only against R28,53,000 granted in the current year, and in Burma (R23,85,000) where the current demand next year should exceed that of the current year by R14,76,000, while the remissions are expected to be R2,00,000 less. A considerable part of the arrears of the current year due to floods and unfavourable agricultural conditions in some parts of that province, are also expected to be collected next year. An increase is counted upon in the current demand in Bombay; but owing to the prospects of good harvests, the bulk of the large outstanding suspensions has been collected in the current year and a net decrease has accordingly been provided in the Budget Estimate of 1907-1908. As explained in paragraph 125 a certain number of special non-recurring assignments have been given to Local Governments in the current year. The absence of these in the Estimates for next year accounts for the large increase in the Imperial share and the decrease in the Provincial share of Land Revenue. The variations would have been larger but for the special assignment of R37,50,000 to be annually given to the Local Governments from next year on account of Famine Relief expenditure as explained in paragraphs 48 to 56.

1907-1908.
Other heads.

164, The most of the other increases shown in the table above represent the normal growth of the revenues under the various heads and are distributed over all the Provinces. In the Punjab and North-West Frontier Province there are decreases of R30,000 and R20,000 respectively under Provincial Rates, due partly to the realization in the current year of some arrears of the abolished cesses and to a special receipt in the current year in the North-West Frontier Province from an experimental cess (now abolished) in the Mahsud colony in the Dera Ismail Khan district. There is also a decrease of R1,50,000 in the Forest revenue in Bombay, due partly to the absence of any special receipts from the sale of famine grass and partly to a diminution in the stock of teak on private lands in the Northern Circle.

1907-1908.
Interest Receipts.

165. Owing to the exceptionally heavy drawings of Council Bills, the cash balance in England was very high throughout the current year and a large amount has been received on account of interest by investing it at the high rates of interest which have prevailed during the year. The exceptional circumstances of the current year are not expected to recur and the Budget Estimate accordingly provides for a decrease of £137,700 in the interest receipts in England. In India there is an increase of R22,65,000 (£151,000) in the interest realized on agricultural loans and advances granted to Local Bodies and others. Of this R17,36,000 appertains to the Imperial Government and R5,29,000 to the Provincial Governments.

1907-1908.
Railway Revenue.

166. As regards Railways the following table shows the chief variations between the Revised Estimates of the current year and the Budget Estimates of next year for Gross Earnings and Working Expenses of the different lines:—

	INCREASE + DECREASE—		
	Gross Receipts.	Working Expenses.	Net Earnings.
	R	R	R
East Indian Railway . . .	...	—14,90,000	+14,90,000
Bengal Nagpur Railway	+15,00,000	+11,00,000	+4,00,000
Rajputana Malwa Railway	+10,00,000	—1,60,000	+11,60,000
Burma Railways	+10,00,000	+2,16,000	+7,84,000
Oudh and Rohilkhand Railway	+5,00,000	+10,00,000	—5,00,000
Bombay, Baroda and Central India Railway	+5,00,000	—10,000	+5,10,000
Great Indian Peninsula Railway	+20,00,000	+13,00,000	+7,00,000
North-Western Railway	+25,00,000	+25,00,000	...
Nagda-Muttra Railway	+7,35,000	+3,50,000	+3,85,000

As explained in paragraph 132, there has been a continued expansion of traffic in the current year on most of the railways except the Great Indian Peninsula and Rajputana-Malwa lines. Next year the seasons are expected to be more propitious and provision has been made in the Budget Estimate for a further expansion of traffic, for a recovery of the ground temporarily lost by the Great Indian Peninsula and Rajputana-Malwa railways, and for the opening of the Nagda-Muttra railway and additional mileage on other lines. The growth of revenue on the North-Western and Oudh and Rohilkhand Railways will, however, be counterbalanced by an increase in the working expenses consequent on the necessity for renewal of permanent-way and rolling stock. The only appreciable decrease in Working Expenses is on the East Indian and the Rajputana-Malwa Railways. On both these lines the expenditure in the current year on the renewal of permanent-way and rolling stock has been abnormally heavy.

167. It is not anticipated that the same volume of work will be required from the Mints next year as in the current year, and the receipts on account of coinage fees are expected to be less than the Revised by R22,32,000. Provision has been made in the Budget Estimate for a profit of R2,00,000 on the nickel coins to be issued during the year, but the estimate of the gain on copper and bronze coinage is R5,00,000 less than in the Revised. 1907-1908.
Mint Receipts.

168. The decrease under Marine is due mainly to a change in the method of accounting by which recoveries from Local Governments and other Departments and the Royal Navy on account of labour and locally purchased stores expended on work done for them, which had hitherto been credited as receipts, will in future be deducted from expenditure. 1907-1908.
Marine.

169. It has not been considered prudent to anticipate so favourable a rate of exchange for Council Bills as has been obtained in the current year and there is consequently a decrease of £60,000 in the receipts under Exchange. 1907-1908.
Exchange Receipts.

170. The Budget Estimate provides R8,33,000 for the last instalment of the Tibet indemnity, against R16,67,000 paid in the current year on account of the first two instalments. There is also a decrease of (1) R1,30,000 in the amount creditable on account of the value of outstanding Currency Notes, (2) R2,16,000 in Bombay in the recoveries of Famine Relief charges, and (3) R1,00,000 in Burma, because the Khedda receipts will in future be shown as Forest Revenue, and because there was a special recovery in the current year of a temporary contribution granted in the previous year to the Moulmein Municipality. On the other hand, an increase of R94,000 is expected in the amount of unclaimed deposits lapsing to Government mainly in the United Provinces and the Punjab, while the further extension of Sitabuldi in Nagpur town by leases of Nazul lands is expected to bring in an additional revenue of R51,000. 1907-1908.
Miscellaneous Receipts.

171. The area under Irrigation during the rabi of 1905-1906 was exceptionally high in the United Provinces and parts of the Punjab and the Irrigation Revenue of the two provinces in the current year will be the highest on record. It is not considered prudent to count upon similar circumstances next year, especially in view of the favourable winter rains of the current year, and the Budget Estimate is accordingly less than the Revised Estimate of the current year. 1907-1908.
Irrigation Major Works—Direct Receipts.

172. In the current year the sale of ordnance stores has been abnormally high, and the Revised also includes a special receipt of R5,11,000 from the War Office on account of the furlough pay of Indian troops earned during service in China and Somaliland. As regiments will make their own arrangements for the supply of beer with effect from January 1908, the sale of malt-liquor will also be largely reduced next year. The Budget Estimate for that year accordingly provides for a decrease in Army receipts which would have been much larger but for an increase in the receipts from dairy farms consequent on the increased outlay provided for them. 1907-1908.
Army Receipts.

FINANCIAL STATEMENT OF THE

1907-1908.
Variations in
Imperial
Expenditure.

173. The decrease of £161,100 (R24,17,000) in Imperial Expenditure referred to in paragraph 161 is the net result of a large number of variations, the more important of which are as follows:—

	R	£
<i>Decreases—</i>		
Army Services	72,18,000	481,200
Opium	16,80,000	112,000
Telegraph	8,27,000	55,100
Marine	17,08,000	113,800
Political	16,45,000	109,700
Miscellaneous	5,60,000	37,400
Reduction of Debt	16,62,000	110,800
<i>Increases—</i>		
Customs	5,60,000	37,300
Forest	7,51,000	50,100
Post Office	13,57,000	90,500
General Administration	8,45,000	56,300
Police	4,42,000	29,500
Scientific and other Minor Departments	6,73,000	44,900
Civil Furlough and Absentee allowances	10,50,000	70,000
Construction of Protective Irrigation Works	17,41,000	116,100
State Railways—Interest on capital deposited by Companies	13,87,000	92,500
Minor Works and Navigation	10,01,000	66,700
Military Works	19,98,000	133,200
Civil Works	7,12,000	47,400

1907-1908.
Variations in
Ordinary and
Special Army
Expenditure.

174. The following table shows the variations between the ordinary and special expenditure under Army:—

	India.		England.	TOTAL.
	R	£	£	£
<i>ORDINARY—</i>				
Revised, 1906-1907	20,20,44,000	13,469,600	4,681,200	18,150,800
Budget, 1907-1908	20,33,47,000	13,556,400	4,635,600	18,192,000
Increase + Decrease —	+13,03,000	+86,800	—45,600	+41,200
<i>SPECIAL—</i>				
Revised, 1906-1907	1,09,88,000	732,500	943,800	1,681,300
Budget, 1907-1908	1,55,56,000	1,037,100	121,800	1,158,900
Increase + Decrease —	+45,68,000	+304,600	—827,000	—522,400
<i>TOTAL—</i>				
Revised, 1906-1907	21,30,32,000	14,202,100	5,630,000	19,832,100
Budget, 1907-1908	21,89,03,000	14,593,500	4,757,400	19,350,900
Increase + Decrease —	+58,71,000	+391,400	—872,600	—481,200

1907-1908.
Ordinary Army
Expenditure.

175. R1,55,000 out of the increase in India is only nominal, being the net result of (1) the transfer from the civil to the Army Estimates of R6,65,000 on account of charges for Cantonment Magistrates who are now under the administrative control of the Commander-in-Chief and the Army Department and (2) the transfer of R5,10,000 from Army to Military Works Services of charges for water-supply and maintenance of electrical installations. The rest is the net result of a number of variations, the more important of which are the following:—

	R
<i>Increases—</i>	
Pay of British troops, the shortage in the strength in the current year being abnormal	5,00,000

Increases—contd.

	R
Larger provision for Native Army Reserve Forces which is dependent on the number of men to be called out for training	3,00,000
Larger provision for conveyance charges specially of ordnance stores	1,50,000
Larger provision for grass and dairy farms largely covered by increased receipts	4,60,000
Larger provision for purchase of transport animals, remounts and ordnance mules, owing to short purchase in previous years	4,00,000
Larger provision for medical supplies, camp equipage and local stores for ordnance factories	5,20,000

Decreases—

Special bounty payable in current year to British soldiers for extension of service	1,90,000
Smaller purchase of malt liquor due to the fact that after 1st January 1908, British regiments in Northern India, which have hitherto been supplied with beer through the supply and transport corps on payment, will make their own arrangements for obtaining it	4,25,000
Smaller expenditure in connection with the concentration of troops at Agra and absence of charges for Rawalpindi concentration	4,90,000
Smaller charges for the Aden Delimitation Commission owing to the demobilisation of the force at D'thala	3,22,000

The decrease in England is in the charges for furlough allowances, Indian Troop service and stores, while there is an increase in the payments to the War Office for effective and non-effective pay of British forces for service in India.

176. The special expenditure next year is partly for the measures already in progress and partly for the following new measures:—

- (a) Raising of two Indian Mountain Batteries.
- (b) Re-organisation of Mountain Artillery.
- (c) Partial re-organisation of the Heavy Artillery.
- (d) Raising an additional Indian Cavalry regiment from a nucleus of two irregular squadrons.
- (e) Supplying the field army with telephonic equipment.
- (f) Electrification of Harness and Saddlery factory at Cawnpore.
- (g) Modification of present pensionary conditions in the Indian Army.

The large decrease in the expenditure in England is due to the completion in the current year of the re-armament of Horse and Field Artillery.

177. According to the latest reports, the outturn of the opium crop now on the ground is not expected to be as good as the last crop. As stated in paragraph 34, the area under cultivation will also be reduced next year. Provision has accordingly been made in the Budget for smaller payments to cultivators both on account of the standing crop and as advances for the next season.

178. The capital expenditure of the Indian and Indo-European Telegraph Departments in 1907-1908 is expected to be less by ₹ 15,13,000 than in the current year in consequence of a smaller construction programme; but this decrease will be counterbalanced to some extent by an increase in the expenditure on revenue account brought about by the expansion of the Departments and the development of traffic.

179. The decrease under Marine is due partly to the change in the method of accounting referred to in paragraph 168 and partly to smaller provision for special expenditure mainly for replacement of old vessels. The Budget estimate

for next year includes ₹13,01,000 on this account against ₹18,88,000 included in the Revised Estimate of the current year.

1907-1908.
Political and
Miscellaneous
Expenditure.

180. The expenditure under the head Political in 1907-1908 is expected to be less than in the current year by ₹16,45,000. Of this ₹4,55,000 is only nominal, being merely a transfer from the Imperial to the Provincial section in consequence of a change in the incidence in Burma; under the terms of the new Provincial settlement Political expenditure will be provincialized from next year instead of being Imperial as hitherto. The absence of any special expenditure in connection with the Indian tour of His Majesty the Amir of Afghanistan, partly counterbalanced by increased provision for payment of arrears of his subsidy, mainly accounts for the remainder of the decrease. The Revised Estimate under Miscellaneous includes some arrear charges in connection with the visit of Their Royal Highnesses, the Prince and Princess of Wales. The expenditure in connection with special commissions of enquiry is also expected to be less next year.

1907-1908.
Customs

181. An increase of ₹4,70,000 under Customs is explained by the fact that expenditure under this head in Burma which has hitherto been treated as Provincial will, under the terms of the new settlement with that province, become Imperial from 1st April 1907. The remainder of the increase represents ordinary growth in expenditure.

1907-1908.
Forest Expenditure.

182. The increase in Forest expenditure is partly concomitant with the increase in receipts mentioned in paragraph 162, and partly due to revision of establishments and larger outlay on buildings and communications.

1907-1908.
Post Office.

183. The increase in Post Office expenditure is a result of the growth of the operations of the Department and, but for the reduction in rates mentioned in paragraph 157, would have been covered by an increase in revenue.

1907-1908.
General Administration.

184. Under General Administration provision has been made for additional buildings at the Store Depot of the India Office and for larger purchase of stores.

1907-1908.
Police
Expenditure.

185. The increase under Police is mainly for reorganisation of the police forces in the North-West Frontier Province, Baluchistan, Coorg, and other minor provinces directly under the administration of the Government of India.

1907-1908.
Scientific and
other Minor
Departments.

186. The increase in the expenditure of Scientific and other Minor Departments is due mainly to the increased operations to be undertaken by the Survey of India Department in accordance with the recommendations of the Survey Committee, and to the development of the Agricultural and Veterinary Departments.

1907-1908.
Civil Furlough
and Absentee
Allowances.

187. The increase under Civil Furlough and Absentee Allowances occurs almost wholly in England and is the outcome of the recent decision of the Secretary of State to pay in England the privilege leave allowances of officers on combined leave out of India.

1907-1908.
Reduction of Debt
and Construction
of Protective
Irrigation Works.

188. The smaller provision under Reduction of Debt is explained partly by the fact that, in accordance with the new arrangements described in Part I in connection with the future incidence of Famine Relief Expenditure, a sum of ₹37,50,000 has been provided as Provincial expenditure under the head, and partly by the fact that provision has been made for a larger programme of Protective Irrigation Works, chiefly in the Central Provinces, Bengal, United Provinces and Bombay. This has reduced the share of the fixed grant of $1\frac{1}{2}$ crores of rupees, which remains available to be charged under Reduction of Debt.

1907-1908.
Interest on
Capital deposited
by Companies.

189. The charges under Interest on Capital deposited by Companies will be swelled next year by the interest on the additional capital which is proposed to be raised by the Bengal-Nagpur, Burma, and East Indian Railways.

1907-1908.
Minor Works and
Navigation.

190. The increase under Minor Works and Navigation is mainly due to the provision of a reserve of 10 lakhs to meet special expenditure entailed by the recommendations of the Irrigation Commission.

1907-1908.
Military Works.

191. Under Military Works the increase in expenditure is partly for buildings, acquisition of land and outlay on regimental lines in connection with the redistribution scheme and partly for the transfer of the charges for water-supply and maintenance of electrical installations from the head "Army" to "Military Works."

192. The increase under Civil Works is partly accounted for by the fact that Imperial Works in Burma were formerly paid for from the Provincial revenues. There are also special provisions for a new Secretariat building in Calcutta and for the new Agricultural buildings at Pusa. The additional expenditure in India is partly counterbalanced by smaller outlay in England, chiefly as a result of the closing of the College at Coopers Hill.

193. The chief items which have caused the increase of £1,155,200 (Rs. 1,73,28,000) in Provincial and Local Expenditure referred to in paragraph 161 are the following:—

Increases—	R	£
Land Revenue	21,32,000	142,200
Forest	5,96,000	39,700
Police	36,05,000	240,300
Education	31,30,000	208,600
Medical	9,14,000	60,900
Political	4,68,000	31,200
Scientific and other Minor Departments	11,06,000	73,700
Superannuation Allowances and Pensions	5,75,000	38,300
Reduction of Debt	37,50,000	250,000
Minor Works and Navigation	4,50,000	30,000
Civil Works	38,03,000	253,600
Decrease—		
Famine Relief	39,11,000	260,700

194. The increase in Land Revenue collection charges is due to an increase of revenue establishments in most of the provinces, the chief items being an increase in the cadre of Deputy and Sub-Deputy Collectors and in the pay of ministerial establishments in Bengal and Eastern Bengal; the extra charges due to the constitution of an additional district in both Bombay and Madras; and also to the reorganisation of village establishments in the latter province.

195. The increase in Forest expenditure has already been explained in paragraph 182; this head of account being divided between Imperial and Provincial in all provinces. The increases under Police, Education and Scientific and other Minor Departments are distributed among all the provinces and represent respectively further progress in the introduction of police reforms, advancement of education and development of the Agricultural and Veterinary Departments.

196. Under Medical provision has been made for increased expenditure on hospitals and dispensaries in most of the provinces; on measures for the prevention of plague in the Punjab; and in connection with the improvement of water-supply and sanitation in villages in Madras.

197. As has already been explained, the provincialisation of the Political expenditure in Burma under the terms of the new settlement is responsible for the increase under that head.

198. The increase under Superannuation allowances represents the normal growth of the Retired list.

199. The provision in the Provincial Section under Reduction or Avoidance of Debt and the absence of any provision under Famine Relief—Provincial are connected with the change which it has been decided to make with effect from next year, in locating the burden of Famine Relief Expenditure.

200. The decrease in the Provincial expenditure under Minor Irrigation Works is only nominal. Provision has been made under Imperial for the usual reserve and allotments will be made to Local Governments during the course of the year.

201. The strong financial position of the Local Governments is reflected in the provision made by all of them next year for an enlarged programme of Civil Works expenditure. The large grants made during the last two years to Local funds, both in aid of their general resources and for the construction of primary schools, have enabled them also to increase their programme of Civil Works expenditure to a considerable extent.

Section IV.—Statements comparing the estimates under the more important heads of Revenue and Expenditure with the actuals of past years.

LAND REVENUE.

	Accounts, 1903-1904.	Accounts, 1904-1905.	Accounts, 1905-1906.	1906-1907.		1907-1908, Budget.
				Budget.	Revised.	
REVENUE (including that due to Irrigation)—						
India General	14,72,513	15,31,372	13,40,480	14,00,000	14,75,000	16,30,000
Central Provinces	83,86,263	87,29,557	85,86,937	1,74,83,000	1,67,74,000	1,75,62,000
Berar	78,30,166	83,06,277	24,36,779			
Burma	3,52,43,662	3,70,94,697	3,83,01,496	4,13,00,000	3,92,00,000	4,15,85,000
Assam	54,43,025	63,37,256	1,90,44,659	1,93,62,000	1,95,62,000	1,97,60,000
Eastern Bengal	4,10,03,080	4,11,45,565				
Bengal			2,92,18,589	2,93,61,000	2,88,50,000	2,99,33,000
United Provinces of Agra and Oudh	6,46,71,000	6,46,18,427	6,04,27,604	6,35,54,000	6,33,23,000	6,57,39,000
Punjab	2,51,51,468	2,63,91,590	2,41,53,128	2,61,97,000	2,72,00,000	2,72,00,000
N.-W. Frontier Province	18,29,849	19,80,446	19,33,815	20,31,000	21,40,000	21,33,000
Madras	6,06,29,257	5,82,47,651	6,12,93,491	6,21,31,000	6,30,91,000	6,37,18,000
Bombay	4,94,12,623	4,33,25,859	4,47,27,345	4,79,20,000	5,18,32,000	5,03,02,000
TOTAL R	30,10,72,906	29,77,08,697	29,74,64,233	31,07,44,000	31,34,47,000	31,95,62,000
Shown under XXIX.—Irrigation R	1,25,57,090	1,33,98,743	1,45,31,687	1,42,82,000	1,49,54,000	1,54,76,000
Shown under L—Land Revenue R	28,85,15,816	28,43,09,954	28,29,32,546	29,64,62,000	29,84,93,000	30,40,86,000
Equivalent in Sterling	20,071,527	19,847,247	19,830,948	20,716,300	20,895,400	21,304,100
Shown under XXIX.—Irrigation £	837,139	893,250	968,779	952,100	996,900	1,031,700
Shown under L—Land Revenue £	19,234,388	18,953,997	18,862,169	19,764,200	19,899,500	20,272,400
EXPENDITURE—						
India—						
District Administration	2,08,17,850	2,17,31,809	2,20,95,475	2,27,26,000	2,26,01,000	2,33,05,000
Other Charges	2,49,09,285	2,63,10,478	2,79,16,006	2,93,49,000	2,87,05,000	3,02,69,000
TOTAL INDIA R	4,57,27,135	4,80,42,287	5,00,11,481	5,20,75,000	5,13,06,000	5,35,75,000
Equivalent in Sterling	3,048,476	3,202,819	3,334,099	3,471,700	3,420,400	3,571,700
England—						
Other Charges £	408	875	1,811	1,300	900	700
TOTAL EXPENDITURE £	3,048,884	3,203,694	3,335,910	3,473,000	3,421,300	3,572,400

202. The collections in the current year have been kept down in Burma by floods in two districts and scarcity in a third; in the Central Provinces by the suspension of some arrears due to frost in the previous winter; and in Bengal by the poverty of the monsoon rice crop in Durbhanga and adjoining districts. But there has been a more than counterbalancing rise in several other provinces, particularly in the Punjab, where good crops have led to the revenue coming in easily, and in Bombay, where a considerable amount of revenue that had been postponed during the recent famine is now being collected. In 1907-1908 the general agricultural recovery is expected to result in higher collections in the Central Provinces and United Provinces; as also, to a small degree, in Ajmer. The increase in Bengal is mainly due to the payment of survey charges in Behar and Ranchi; while in Burma and Madras it is assisted by revision of settlements, and in the former province also by smaller remissions than

in the current year. In Bombay the collection of arrears has been very high towards the end of the current year, and next year's figures are expected to be more normal.

OPIUM.

	Accounts, 1903-1904.	Accounts, 1904-1905.	Accounts, 1905-1906.	1906-1907.		1907-1908, Budget.
				Budget.	Revised.	
INDIA.						
Revenue—						
Bengal—Sale of Opium	7,01,75,570	7,61,93,120	7,05,53,610	5,94,00,000	7,34,33,000	6,15,00,000
Bombay—Pass Fees.	1,30,70,750	1,12,36,875	85,41,000	99,00,000	74,75,000	79,75,000
Excise Opium and other Revenue	27,94,355	28,92,496	29,37,084	31,66,000	32,07,000	32,91,000
TOTAL R	8,60,40,675	9,03,22,491	8,20,31,694	7,24,66,000	8,41,15,000	7,27,66,000
Equivalent in Sterling	5,736,045	6,021,499	5,468,780	4,831,100	5,607,700	4,851,100
Expenditure—						
Payments to Cultivators, including purchase of Opium	3,07,70,477	2,69,25,333	2,58,14,453	2,53,61,000	2,62,60,000	2,44,60,000
Other Charges	25,61,683	25,46,301	25,45,748	26,83,000	24,68,600	25,86,000
TOTAL INDIA R	3,33,32,160	2,94,71,634	2,83,60,201	2,80,44,000	2,87,28,000	2,70,46,000
Equivalent in Sterling	2,222,144	1,964,775	1,890,680	1,860,600	1,915,200	1,803,100
ENGLAND.						
Other Charges £	3,600	2,310	1,761	1,700	1,600	1,700
TOTAL £	2,225,744	1,967,085	1,892,441	1,871,300	1,916,800	1,804,800
Statistics—						
Bengal—						
Chests sold	48,000	48,000	49,200	52,800	52,800	49,200
Average price	₹1,462	₹1,587	₹1,434	₹1,125	₹1,391	₹1,250
Chests produced	64,738	50,004	55,501	...	48,750	...
Chests in Balance, March 31	67,758	69,762	76,063	...	72,013	...
Reserve, December 31	15,024	31,762	32,566	40,063	36,463	42,413
Bombay—						
Chests passed for export	26,141½	18,821½	14,235	16,500	12,458	13,292
Rate of duty	₹500	₹500 & ₹600	₹600	₹600	₹600	₹600

203. The opium figures have already been discussed in paragraphs 127, 137, 156 and 177. The prices realised for Bengal opium during the current year have exceeded expectation. Beginning at ₹1,278 in April 1906, the average price per chest at the monthly sales rose in November to the very high figure of ₹1,513. There was a decline after that; but the notifications restricting the sales and the poppy area for next year were immediately followed by a jump to ₹1,512 in the price for the current month. The revenue from Bengal opium is thus ₹1,40,33,000 better than the Budget figure for 1906-1907. On the other hand, the weighments of Malwa opium have fallen off very heavily since November. In the last four months of 1905-1906, the number of chests which passed the scales was 4,490; in the same period this year, the estimated number is under 3,000.

204. For next year it would be unsafe to assume a continuance of the high prices obtained this year for Bengal opium; but the issues of Malwa opium have been taken at a figure a little above the actuals for the present year, though not quite so high as the exports of 1905-1906. The reduction in expenditure next year is due partly to the indifferent reports about this season's crop and partly to a lower estimate of the advances for next season's crop in consequence of the reduction of the area to be sown in the Behar and Benares agencies.

FINANCIAL STATEMENT OF THE SALT.

	Accounts, 1903-1904.	Accounts, 1904-1905.	Accounts, 1905-1906.	1906-1907.		1907-1908, Budget.
				Budg.	Revised.	
REVENUE.						
Northern India (a)	1,72,13,079	1,69,35,310	1,48,51,309	1,45,00,000	1,39,50,000	1,05,50,000
Burma (b)	15,48,305	16,38,131	17,47,821	18,00,000	16,70,000	18,20,000
Eastern Bengal (b)	2,18,01,075	2,23,61,605	18,47,715	19,50,000	19,40,000	14,60,000
Bengal (c)			1,53,38,361	1,55,00,000	1,59,20,000	1,11,50,000
Madras (a)	1,95,35,805	1,95,38,005	1,57,89,722	1,55,00,000	1,43,30,000	1,21,00,000
Bombay (a)	1,86,58,649	1,98,48,469	1,00,71,215	1,07,50,000	1,65,40,000	1,22,70,000
TOTAL R	7,87,56,973	8,03,21,520	6,56,46,143	6,60,00,000	6,43,50,000	4,93,50,000
Equivalent in Sterling	5,250,465	5,354,768	4,376,410	4,400,000	4,290,000	3,290,000
CHARGES.						
India	49,35,853	51,62,759	54,41,628	55,84,000	54,21,000	55,59,000
Equivalent in Sterling	329,057	344,184	362,775	372,300	361,400	370,600
England	2,134	918	391	200	1,500	100
TOTAL £	331,191	345,102	363,166	372,500	362,900	370,700
Total consumption Mds.	3,75,92,000	3,93,78,000	4,07,29,000	...	4,15,00,000	4,34,00,000

(a) Chiefly excise on local manufacture.

(b) Chiefly duty on imported salt.

205. The Revised Estimate is based upon an expected consumption of 402 lakhs of maunds in India proper and 13 lakhs of maunds in Burma, as compared with the actual consumption of 393 and 14½ lakhs of maunds respectively in 1905-1906. The latest information points to a general increase in the issue of salt, as compared with last year, except in Northern India, where stocks have apparently been kept low in the hope of a decrease in duty, and also in Burma. The reason why a corresponding increase in revenue is not apparent in Madras is that the accounts for 1905-1906 were swollen by about R 18,25,000 on account of payments for salt which had been issued on credit in the previous year at the higher rate of duty. For 1907-1908 the consumption is estimated at 420 lakhs of maunds in India proper and 14 lakhs of maunds in Burma; being a rise of 19 lakhs over the estimated figure of the current year. The increase in 1905-1906, when the last reduction in duty took place, was 13½ lakhs of maunds. The revenue from salt which would have been budgeted for, if the duty had not been altered, would have been 683½ lakhs (£4,556,700), or an increase of 40 lakhs (£266,700) over the Revised Estimate of the current year.

STAMPS.

	Accounts, 1903-1904.	Accounts, 1904-1905.	Accounts, 1905-1906.	1906-1907.		1907-1908, Budget.
				Budget.	Revised.	
REVENUE.						
Court Fees and Plain Paper	3,67,25,008	3,82,35,186	3,96,15,303	3,96,61,000	4,05,23,000	4,21,81,000
Commercial and other Stamps	1,59,38,860	1,70,81,280	1,85,24,420	1,91,28,000	1,89,78,000	1,95,58,000
Other Revenue	10,39,831	7,58,970	7,55,734	7,71,000	8,29,000	7,75,000
TOTAL R	5,37,03,699	5,60,75,436	5,88,95,457	5,95,60,000	6,03,30,000	6,25,14,000
Equivalent in Sterling	3,580,247	3,738,362	3,926,364	3,970,700	4,022,000	4,167,600
CHARGES.						
India	12,02,373	12,34,918	12,95,424	12,55,000	12,97,000	13,24,000
Equivalent in Sterling	80,158	82,328	86,362	83,700	86,500	88,200
England (Stores)	42,221	38,763	41,802	124,000	100,000	103,000
TOTAL £	122,379	121,091	128,164	207,700	186,500	191,200

206. The improvement in the Stamp receipts for 1906-1907 is common to all the provinces, except Bombay, where there has been some decline in court-fees, and in the Central Provinces, where the receipts from general stamps have fallen off. The further increase anticipated in 1907-1908 is also general, and is the ordinary accompaniment of satisfactory agricultural conditions.

EXCISE.

	Accounts, 1903-1904.	Accounts, 1904-1905.	Accounts, 1905-1906.	1906-1907.		1907-1908, Budget.
				Budget.	Revised.	
REVENUE.						
Burma	74,64,332	72,81,670	83,01,926	88,20,000	77,00,000	83,00,000
Assam	30,24,404	30,54,075	62,07,991	63,25,000	64,20,000	66,00,000
Eastern Bengal	1,62,95,944	1,67,90,284				
Bengal					1,52,58,297	1,57,00,000	1,60,80,000	1,68,00,000
United Provinces of Agra and Oudh	94,58,526	1,02,25,122	99,75,427	1,00,00,000	94,00,000	1,02,00,000
Madras	1,77,02,209	1,87,53,820	1,91,13,741	1,93,00,000	2,05,00,000	2,12,00,000
Bombay	1,19,94,390	1,39,63,271	1,12,07,667	1,44,50,000	1,49,00,000	1,55,00,000
Other Provinces	87,56,041	1,02,33,126	1,21,92,260	1,26,65,000	1,36,01,000	1,45,16,000
TOTAL R	7,47,01,446	8,03,01,368	8,53,17,309	8,72,60,000	8,86,01,000	9,31,16,000
Equivalent in Sterling	4,980,096	5,353,424	5,687,820	5,817,300	5,906,700	6,207,700
CHARGES.						
India R	32,08,429	36,22,103	38,71,724	43,71,000	41,03,000	47,22,000
Equivalent in Sterling	213,895	241,473	258,115	291,400	273,500	314,800
England £	33	841	1	100	100	100
TOTAL £	213,928	242,314	258,116	291,500	273,600	314,900

207. The drop in the Burma figures for the current year occurs, about half under liquor and half under the sale of excise opium. The falling off in the United Provinces is a consequence of the seasons having turned out less favourable than had been anticipated. The growth of the revenue elsewhere has been normal; and the improvement in agricultural conditions gives reason to expect that it will continue in 1907-1908. The failure to utilize the provision for expenditure in the current year occurred mainly in Burma, where the new Excise establishment has not yet been fully employed. Improvements in the establishment in that province and in the United Provinces and Bombay account for the extra expenditure provided for in 1907-1908.

PROVINCIAL RATES.

	Accounts, 1903-1904.	Accounts, 1904-1905.	Accounts, 1905-1906.	1906-1907.		1907-1908, Budget.
				Budget.	Revised.	
REVENUE.						
District Local Funds	2,55,63,247	2,53,10,413	2,62,26,154	2,42,74,000	2,51,59,000	2,54,87,000
Appropriation from above for rural police . . . . .	...	...	...	22,24,000	22,20,000	22,34,000
Provincial Cesses	70,66,975	72,29,658	56,81,984	51,90,000	51,90,000	52,40,000
Village Service and Patwaris	79,81,295	80,66,376	80,79,904	8,05,000	3,56,000	5,34,000
Other Cesses	17,63,711	17,60,772	19,82,714	14,27,000	14,24,000	14,75,000
TOTAL R	4,23,80,228	4,23,67,219	4,19,70,756	3,39,20,000	3,43,49,000	3,49,70,000
Equivalent in Sterling	2,825,349	2,824,481	2,798,051	2,261,300	2,289,900	2,331,300
CHARGES R						
	5,88,173	5,49,613	5,58,168	6,02,000	5,01,000	4,83,000
Equivalent in Sterling	39,212	36,641	37,211	40,100	33,400	32,200

FINANCIAL STATEMENT OF THE

208. The variations in the Revised are inconsiderable, except in the Punjab and Bombay, where large arrears were collected: otherwise the figures follow those of the land revenue receipts. The fluctuations under the fourth head are mainly due to the payments of the Proprietary Estates Village Service Cess in Madras having been over-estimated for the current year; while the extension of the cess in 1907-1908 accounts for the higher Budget figure.

The accumulated balances of the Patwari Funds in the provinces where these funds were abolished in 1906 have been transferred to the general credit of Government.

CUSTOMS.

SEA CUSTOMS.	Accounts, 1903-1904.	Accounts, 1904-1905.	Accounts, 1905-1906.	1906-1907.		1907-1908, Budget.
				Budget.	Revised.	
IMPORTS.						
<i>Special Import Duties.</i>						
Arms, Ammunition, and Military Stores	3,49,248	4,16,977	4,10,419	4,00,000	4,45,000	4,25,000
Liquors—						
Ale, Beer, Porter, Cider and other fermented Liquors	2,54,022	2,88,410	3,12,123	3,10,000	3,10,000	3,20,000
Spirits and Liqueurs	75,16,341	76,58,678	90,31,671	90,00,000	78,00,000	93,00,000
Wines	3,20,174	3,73,904	3,96,632	4,00,000	3,82,000	4,00,000
Opium	2,990	3,567	3,100	3,000	3,000	3,000
Petroleum	43,99,535	45,88,496	36,64,737	36,50,000	37,00,000	37,00,000
Sugar (countervailing duties, 1899)	2,31,997	8,614	666	—	—	—
Do. (do., 1902)	20,573	12,850	1,238	—	—	—
<i>General Import Duties.</i>						
Articles of Food and Drink (excluding Sugar)	15,45,568	18,16,188	19,15,001	20,50,000	19,60,000	20,50,000
Sugar (ordinary duties)	29,27,323	32,49,459	39,91,339	39,50,000	45,00,000	50,00,000
Chemicals, Drugs, Medicines and Narcotics and Dyeing and Tanning Materials	13,83,834	13,90,125	14,48,517	15,00,000	15,10,000	15,60,000
Cotton Manufactures	98,83,603	1,21,69,997	1,32,88,991	1,35,00,000	1,28,50,000	1,35,00,000
Metals and Manufactures of—						
Silver, Bullion and Coins	40,27,301	41,11,942	29,33,851	30,00,000	41,50,000	37,00,000
Other Metals and Manufactures of Metals	34,18,323	34,63,265	30,78,074	33,00,000	34,25,000	35,00,000
Oils (excluding Petroleum)	92,941	96,220	1,23,624	1,25,000	1,85,000	1,85,000
Manufactured Articles	70,81,173	81,59,549	82,76,001	85,00,000	83,50,000	84,50,000
Raw Materials and Unmanufactured Articles	9,17,898	10,28,998	12,11,786	13,25,000	11,25,000	12,48,000
TOTAL IMPORTS	4,44,32,841	4,88,37,270	5,00,90,073	5,10,13,000	5,06,95,000	5,33,41,000
EXCISE DUTY ON COTTON GOODS	20,77,449	23,81,825	27,06,784	20,00,000	27,50,000	29,00,000
EXPORT DUTIES—						
Rice	1,20,31,375	1,31,85,757	1,15,11,233	1,20,00,000	1,02,00,000	1,17,50,000
LANE CUSTOMS AND MISCELLANEOUS	9,52,802	10,21,710	9,12,174	9,50,000	9,61,000	9,42,000
GRAND TOTAL	5,94,94,470	6,54,26,562	6,52,20,264	6,69,63,000	6,46,06,000	6,89,33,000
Equivalent in Sterling	3,96,62,298	4,361,771	4,348,017	4,464,200	4,307,100	4,595,500
Charges	25,20,550	26,83,465	27,30,322	28,70,000	29,59,009	31,11,000
Equivalent in Sterling	168,037	178,898	182,021	191,300	197,300	207,400
England	128	348	438	200	200	100
TOTAL	168,165	179,246	182,459	191,500	197,500	207,500

209. The failure of the Customs revenue to work up to the Budget Estimate in the current year is mainly due to the set-back in the receipts from the import of spirits and the export of rice. The increase in the duty on spirits and liqueurs from the 26th February 1906 led to a rush of imports and withdrawals from bond at the end of 1905-1906, with a view to obtaining the benefit of the old tariff. Since then there has been a marked falling off in imports; but stocks are now being replenished and a normal recovery is anticipated for 1907-1908. The drop in the receipts from the export duty on rice is due to the larger consignments from Burma to Indian ports in consequence of scarcity in Bengal and Eastern Bengal, as well as to the restriction of the Bengal exports for the same reason. The only other important differences from the original estimates of the current year are under cotton manufactures, sugar, and silver. The imports of manufactured cotton have presumably been checked by the movement in favour of indigenous articles. On the other hand, there has been a very marked increase in the imports of sugar from Germany. The rise in the price of silver will probably stem the great demand for that metal which has characterised the current year; but under the other main heads a steady improvement is expected in 1907-1908.

ASSESSED TAXES.

	Accounts, 1903-1904.	Accounts, 1904-1905.	Accounts, 1905-1906.	1906-1907.		1907-1908, Budget.
				Budget.	Revised.	
Deduction by Govern- ment from Salaries, Pensions, and Interest payments	42,56,216	43,93,912	45,44,157	45,60,000	47,23,000	47,90,000
Other Collections . .	1,39,63,760	1,46,53,120	1,52,76,742	1,55,88,000	1,64,41,000	1,67,03,000
TOTAL R	1,82,19,976	1,90,47,032	1,98,20,899	2,01,48,000	2,11,64,000	2,14,93,000
Equivalent in Sterling .	1,214,665	1,269,802	1,321,393	1,343,200	1,410,900	1,432,900
Charges R	3,48,126	3,21,253	3,39,382	3,49,000	3,60,000	3,65,000
Equivalent in Sterling .	23,203	21,417	22,626	23,200	24,600	24,300

210. In the current year the collections exceed the original estimate in every province except Burma; the rise being particularly noticeable in Bombay, where the profits from the cotton mills in 1905-1906 were very high. A considerable retrogression having occurred this year, the Budget figure for Bombay has dropped by 3 lakhs. In the other provinces a steady upward movement is provided for; especially in Bengal, where the great activity in trade during the current year should be reflected in the assessments of next year.

FOREST.

	Accounts, 1903-1904.	Accounts, 1904-1905.	Accounts, 1905-1906.	1906-1907.		1907-1908, Budget.
				Budget.	Revised.	
REVENUE.						
India R	2,22,16,747	2,40,29,950	2,66,74,593	2,68,11,000	2,70,06,000	2,83,35,000
Equivalent in Sterling .	1,481,116	1,601,997	1,778,306	1,787,400	1,800,400	1,889,000
England . . . . £	...	...	1,260	2,500	2,200	800
TOTAL £	1,481,116	1,601,997	1,779,566	1,789,900	1,802,600	1,889,800
EXPENDITURE.						
India R	1,21,66,993	1,29,67,856	1,42,58,521	1,46,72,000	1,45,78,000	1,59,87,000
Equivalent in Sterling .	811,133	864,524	950,568	978,100	971,900	1,065,800
England £	2,485	4,614	4,250	7,400	9,200	5,100
TOTAL £	813,618	869,138	954,818	985,500	981,100	1,070,900
NET REVENUE £	667,498	732,859	824,748	804,400	821,500	818,900

211. The rise in revenue, as compared with the current year's Budget Estimate, would have been higher except for a drop of 9 lakhs in Burma. There is a moderate improvement in the Central Provinces, the United Provinces and Madras: but the chief increase has occurred in Bombay, where the Forest Department has received credit for large sales of grass in relief of a scarcity of fodder. This source of income will not require to be drawn upon next year, it is hoped; and the Budget figure is below the Revised in Bombay. Elsewhere, provision has been made for a moderate increase in revenue, especially in Burma, where also there is an addition of R2,00,000 for Kheddah receipts, which were not formerly taken to this head. The increased expenditure in next year is due to revision of subordinate and clerical establishments, to larger outlay on communications and buildings, and to the introduction of the time-scale of pay for the Superior Forest Service.

FINANCIAL STATEMENT OF THE
INTEREST RECEIPTS.

	Accounts, 1903-1904.	Accounts, 1904-1905.	Accounts, 1905-1906.	1906-1907.		1907-1908, Budget.
				Budget.	Revised.	
India . . . R	1,13,14,112	1,03,36,614	1,06,06,641	1,11,57,000	1,05,26,000	1,27,91,000
Equivalent in Sterling .	754,274	689,108	707,109	743,800	701,700	852,700
England . . . £	141,788	160,471	237,877	109,200	247,100	109,400
TOTAL . . . £	896,062	849,579	944,986	853,000	948,800	962,100

212. In India the interest receipts have been diminished in the current year by R3,50,000 which it was estimated that the Simla-Kalka Railway would pay on its loan: the purchase of the line by Government having wiped out the liability. There has also been a transfer of R5,96,000 from the estimates for the current year to those of next year, there being some doubt whether a payment of that amount, which is now due from the Calcutta Port Commissioners, will be made before the 31st of March. In most provinces, the Estimate has been fully realized, and in Bombay it has been exceeded by reason of good recoveries from the Kathiawar States and on agricultural loans. In England the great improvement in this year's figures is the result of the very favourable rates of interest which have been prevailing in the London market, and of the large sums which the Secretary of State has been able to lend out of his surplus balances in consequence of his heavy drawings of Council Bills. For next year a more normal figure is taken in England, and in India an increase is expected mainly in the interest on agricultural loans and on capital advanced to Railway Companies.

INTEREST EXPENDITURE.

	Accounts, 1903-1904.	Accounts, 1904-1905.	Accounts, 1905-1906.	1906-1907.		1907-1908, Budget.
				Budget.	Revised.	
Interest on Debt—						
India . . . R	4,17,76,092	4,28,54,060	4,39,66,257	4,57,00,000	4,59,00,000	4,67,00,000
Deduct charged to—						
Irrigation . . .	1,49,13,519	1,52,28,363	1,56,21,842	1,61,88,000	1,61,69,000	1,68,44,000
Railways . . .	5,24,72,714	5,52,79,467	5,87,73,158	6,20,69,000	6,31,73,000	6,67,73,000
Balance charged to Interest . . .	-2,56,10,141	-2,76,53,770	-3,04,28,743	-3,25,57,000	-3,34,42,000	-3,69,17,000
Equivalent in Sterling	£ -1,707,343	£ -1,843,585	£ -2,028,583	£ -2,170,400	£ -2,229,400	£ -2,461,100
England . . .	2,983,545	3,045,165	2,983,370	2,972,100	3,069,600	3,020,900
TOTAL . . .	1,276,202	1,201,580	954,787	801,700	840,400	559,800
Interest on other Obligations—						
On Savings Bank Balances converted at R15 = £1 . . .	280,968	305,787	312,028	330,800	347,300	359,500
Other items . . .	140,457	139,578	143,120	146,300	147,900	143,600
GRAND TOTAL £ .	1,697,627	1,646,945	1,409,935	1,278,800	1,335,600	1,062,900
Debt outstanding, March 31—						
Sterling . . .	£ 133,045,844	£ 132,887,191	£ 146,457,439	£ 147,867,591	£ 147,707,539	£ 150,707,539
Rupee Debt—						
4 per cent . . .	4,47,61,525	4,35,61,525	4,15,06,325	4,03,11,525	4,03,06,325	3,91,04,325
3½ per cent . . .	1,02,65,22,700	1,05,65,35,200	1,09,65,35,700	1,14,15,35,200	1,14,15,35,700	1,17,15,35,700
3 per cent . . .	11,07,10,300	11,07,11,100	11,07,12,100	11,07,11,100	11,07,12,100	11,07,12,100
Other Debt . . .	1,22,48,510	1,21,70,410	1,20,56,493	1,20,15,410	1,19,85,493	1,19,10,493
Savings Bank Balances	14,36,75,142	15,61,55,910	16,39,85,179	17,15,63,910	17,32,92,179	18,27,01,179

213. The excess in the Debt charges in India in the Revised over the Budget figure for the current year is due to the charges in connection with the $4\frac{1}{2}$ crore loan having been higher than there was reason to expect when the estimate was framed in March 1906. The estimate otherwise was a full one; but any saving on it has been counterbalanced by the interest payments (about $3\frac{1}{2}$ lakhs) on the loan taken from the Gold Standard Reserve. The addition of 8 lakhs for next year is due to the increase of the rupee debt: but, as this is more than outpaced by the increase of productive capital expenditure, the balance of interest charged to ordinary debt is steadily decreasing. The Revised figure of the charges in England is higher than the original estimate by the expenses of the sterling loan raised in 1906-1907, for which—in accordance with the usual practice—no special provision was made.

214. The check in the growth of Savings Bank deposits, to which reference was made last year, has now disappeared, and the net deposits, in spite of the agricultural depression in parts of India, have been materially better than expectation. Next year a further moderate increase is provided for.

POST OFFICE.

	Accounts, 1903-1904.	Accounts, 1904-1905.	Accounts, 1905-1906.	1906-1907.		1907-1908, Budget.
				Budget.	Revised.	
REVENUE.						
India . . . R	2,26,07,287	2,36,39,706	2,47,72,167	2,59,06,000	2,64,81,000	2,69,36,000
Equivalent in Sterling .	1,507,153	1,575,980	1,651,477	1,727,100	1,765,400	1,795,700
EXPENDITURE.						
India . . . R	1,94,77,958	2,05,01,683	2,18,19,024	2,30,77,000	2,30,47,000	2,44,21,000
Equivalent in Sterling .	1,298,530	1,366,779	1,454,602	1,538,500	1,536,500	1,628,100
England . . . £	104,694	153,034	121,334	62,400	62,800	61,700
TOTAL . . . £	1,403,224	1,519,813	1,575,936	1,600,900	1,599,300	1,689,800
TOTAL NET REVENUE £	103,929	56,167	75,541	126,200	166,100	105,900

215. The Revised shows an improvement over the original Estimate by about 5 lakhs from the sale of Postage Stamps. For next year a further rise of 12 lakhs would ordinarily have been anticipated under the same head, with about $1\frac{1}{2}$ lakhs increase under Money Order fees; but the reduction of rates, as explained in paragraph 157, will swallow up the greater part of the improvement in receipts for which provision would otherwise have been made. The additional expenditure in 1907-1908 provides for revision of establishments and for an increase of about 6 lakhs in the cost of carrying mails, railway charges, and construction of new vans and vehicles.

FINANCIAL STATEMENT OF THE
TELEGRAPH.

	Accounts, 1903-1904.	Accounts, 1904-1905.	Accounts, 1905-1906.	1906-1907.		1907-1908, Budget.
				Budget.	Revised.	
REVENUE.						
Revenue Accounts—						
India . . . R	1,27,66,375	1,34,06,813	1,35,40,167	1,40,00,000	1,41,58,000	1,47,59,000
Equivalent in Sterling	851,092	893,788	902,674	933,300	913,900	983,900
England . . . £	6,543	4,135	7,180	4,800	8,600	8,000
TOTAL . . . £	857,635	897,923	909,854	938,100	952,500	991,900
EXPENDITURE.						
Revenue Accounts—						
India . . . R	88,11,582	90,93,488	96,96,237	99,52,000	1,04,17,000	1,10,79,000
Equivalent in Sterling	537,439	606,233	616,416	663,500	694,500	735,600
England . . . £	58,920	27,284	42,204	63,600	52,200	53,800
Capital Expenditure—						
India . . . R	616,359	633,517	688,620	727,100	746,700	792,400
Equivalent in Sterling	85,809	103,243	112,460	136,400	113,500	85,900
England . . . £	184,656	163,503	275,409	291,500	275,000	201,800
TOTAL . . . £	270,465	268,751	387,869	427,900	388,500	287,700
TOTAL . . . £	916,824	902,263	1,076,489	1,155,000	1,135,200	1,080,100
TOTAL NET REVENUE £	-59,189	-4,345	-166,635	-216,900	-182,700	-88,200

216. The message revenue in the Indian Section has been somewhat better than expectation this year; but in the Indo-European Section it has not yet recovered from the reduction in the foreign tariff rates in 1905-1906. The increase of wire mileage has led to an unexpected improvement in the miscellaneous receipts from the rents of railway, canal and private lines.

217. The decline in capital expenditure in the Revised is due to short outlay on construction work in Persia and the Persian Gulf. For next year a normal figure has been taken, as the requirements for departmental lines are not expected to be as heavy as in the current year: the stores expenditure in England has been correspondingly reduced. The ordinary expenditure grows with the steady increase of traffic; provision is also made in the 1907-1908 Budget for customs compensation and increased rates of local allowances.

MINT.

	Accounts, 1903-1904.	Accounts, 1904-1905.	Accounts, 1905-1906.	1906-1907.		1907-1908, Budget.
				Budget.	Revised.	
REVENUE.						
India . . . R	4,32,70,754	30,95,454	48,17,052	30,29,000	62,36,000	36,79,000
Equivalent in Sterling	2,884,717	206,364	321,137	201,900	415,700	245,300
England . . . £	49	46	46	...	...	...
TOTAL . . . £	2,884,766	206,410	321,183	201,900	415,700	245,300
EXPENDITURE.						
India . . . R	4,16,62,331	15,52,767	16,29,649	14,65,000	19,40,000	17,66,000
Equivalent in Sterling	2,777,489	103,518	108,643	97,700	129,300	117,700
England . . . £	8,096	14,359	11,436	41,600	31,800	33,100
TOTAL . . . £	2,785,585	117,877	120,079	139,300	161,100	150,800
TOTAL NET REVENUE £	99,181	88,533	201,104	62,600	254,600	94,500

218. The current year has been one of extraordinary activity in the Mints. The rupee coinage has been the largest on record, and there has also been a very heavy outturn of small silver and bronze. The seignorage on the silver coinage has exceeded the Budget Estimate by about 23 lakhs, and the gain on the bronze coinage by about 8 lakhs. For next year it would be unsafe to calculate on a continuance of this heavy output, and a moderate figure has been taken. It includes 2 lakhs as probable gain on the new one-anna nickel coin; the approximate figure cannot be conjectured until the coin is issued. The excess expenditure in the current year is the result of extra establishment and overtime wages due to the very heavy work.

EXPENDITURE ON CIVIL DEPARTMENTS.

	Accounts, 1903-1904.	Accounts, 1904-1905.	Accounts, 1905-1906.	1906-1907.		1907-1908, Budget.
				Budget.	Revised.	
	₹	₹	₹	₹	₹	₹
INDIA.						
General Administration	1,82,06,139	1,80,47,997	1,95,48,630	1,91,86,000	1,97,18,000	2,00,88,000
Law and Courts	3,41,38,317	3,50,66,547	3,61,44,067	3,76,16,000	3,80,59,000	3,79,39,000
Justice. { Jails	1,06,95,458	1,05,97,958	1,19,00,946	1,17,58,000	1,25,46,000	1,23,61,000
Police	4,62,95,126	4,73,72,897	5,04,37,150	5,64,03,000	5,53,25,000	5,93,70,000
Marine	66,82,412	75,47,002	64,49,219	67,18,000	65,71,000	63,84,000
Education	2,04,57,210	2,21,18,676	2,44,86,930	2,86,01,000	2,70,09,000	3,03,00,000
Ecclesiastical	16,92,069	18,09,727	18,16,331	18,04,000	18,53,000	19,73,000
Medical	1,41,36,131	1,48,59,661	1,56,84,652	1,66,33,000	1,65,14,000	1,74,38,000
Political	1,04,02,173	1,17,93,681	1,40,68,595	1,42,72,000	1,51,34,000	1,39,82,000
Scientific and Minor Departments	77,32,054	75,34,631	92,03,566	1,08,46,000	99,54,000	1,15,72,000
TOTAL INDIA	17,04,97,089	17,67,48,777	18,97,40,886	20,38,97,000	20,26,83,000	21,11,07,000
Equivalent in Sterling	£ 11,366,473	£ 11,783,252	£ 12,649,339	£ 13,593,100	£ 13,512,200	£ 14,093,800
ENGLAND.						
General Administration	279,602	272,236	290,342	276,000	282,400	333,600
Marine	281,182	292,519	250,099	314,000	335,700	255,500
Other heads	51,975	51,756	68,709	100,200	85,600	95,100
TOTAL ENGLAND	612,759	616,511	609,150	690,200	703,700	684,200
TOTAL INDIA AND ENG- LAND	11,979,232	12,399,763	13,258,489	14,283,300	14,215,900	14,778,000

219. These figures have already been discussed in Sections II and III. Excesses over the current year's budget are mainly explained by about 2 lakhs on account of charges in connection with the State visit to Agra; $1\frac{1}{2}$ lakhs in connection with the establishment of the Military Finance Department; increased judicial establishments in Eastern Bengal and Assam; compensation to minor employes for the dearness of grain; increased dietary charges for prisoners due to the same reason; about 3 lakhs of plague expenditure in Burma beyond the budget provision; and finally, the charges incidental to His Majesty the Amir's visit to India. The savings in this year's allotments are due to the grants for Police reforms, Education, Veterinary and Agricultural development not being fully utilized in most of the provinces. In the Budget for 1907-1908 a number of the abnormal items of the current year disappear: and the more important additional provisions are under Police, Education, Survey and Agriculture. Under the first of these heads, the general scheme of police reforms claims the bulk of the increase, being mainly financed by the $22\frac{1}{2}$ lakhs of special grants from Imperial revenues. Education receives an addition of nearly 33 lakhs, of which 5 lakhs is a lump provision for Primary Education in Madras, and 2 lakhs for Primary Schools in Bombay City; the balance being spread pretty equally over all the provinces. The increase of about 3 lakhs in Survey charges includes the first instalment of expenditure under the scheme for reorganizing the Survey of India which is the result of the recommendations of the Survey Committee.

FINANCIAL STATEMENT OF THE
MISCELLANEOUS CIVIL CHARGES.

	Accounts, 1903-1904.	Accounts, 1904-1905.	Accounts, 1905-1906.	1906-1907.		1907-1908, Budget.
				Budget.	Revised.	
INDIA.						
Territorial and Political Pensions	R 36,99,387	R 35,65,635	R 35,33,235	R 36,28,000	R 34,89,000	R 34,11,000
Civil Furlough and Absentee Allowances	4,771	778	3,195	6,000	4,000	6,000
Superannuation Allowances and Pensions	1,26,66,561	1,33,63,407	1,38,48,762	1,45,01,000	1,43,67,000	1,49,65,000
Stationery and Printing	68,96,961	70,82,119	70,16,120	76,23,000	81,34,000	82,26,000
Miscellaneous	64,80,127	36,96,049	47,22,819	34,42,000	41,49,000	35,29,000
TOTAL INDIA	2,97,47,307	2,77,07,988	2,91,24,132	2,92,00,000	3,01,43,000	3,01,37,000
Equivalent in Sterling	£ 1,933,154	£ 1,847,199	£ 1,941,009	£ 1,946,700	£ 2,009,500	£ 2,009,100
ENGLAND.						
Civil Furlough and Absentee Allowances	238,303	218,692	234,473	243,000	250,200	320,000
Superannuation Allowances and Pensions	2,011,722	2,019,439	2,019,297	2,021,500	2,033,000	2,041,500
Other Heads	116,466	179,460	122,734	112,300	149,200	142,900
TOTAL ENGLAND	2,366,491	2,417,591	2,376,504	2,376,800	2,432,400	2,504,400
TOTAL INDIA AND ENGLAND	4,349,645	4,264,790	4,318,113	4,323,500	4,411,900	4,513,500

220. The excess over the current year's Budget provision under Miscellaneous is due mainly to the cost of the Excise, Telegraph and Assam Labour Committees. Under Civil Furlough and Absentee Allowances in the English Estimates for 1907-1908, provision is made for the payment by the India Office of their privilege leave allowances to those officers who are on combined leave in England. These allowances have been taken in the past to the same heads as the salaries of the officers drawing them.

FAMINE RELIEF AND INSURANCE.

	Accounts, 1903-1904.	Accounts, 1904-1905.	Accounts, 1905-1906.	1906-1907.		1907-1908, Budget.
				Budget.	Revised.	
Famine Relief	3,05,264	31,165	20,38,309	80,86,000	46,89,000	9,04,000
Construction of Protective Railways	14,49,083	17,37,184	8,29,170	1,01,000	79,000	25,000
Construction of Protective Irrigation Works	21,66,690	32,25,200	44,48,593	66,14,000	52,59,000	70,00,000
Reduction or Avoidance of Debt	96,64,163	1,00,06,451	76,83,928	1,99,000	49,73,000	70,61,000
TOTAL R	1,35,85,200	1,50,00,000	1,50,00,000	1,50,00,000	1,50,00,000	1,50,00,000
Net charge on account of the Bengal Nagpur and the Indian Midland Railways shown in the Railway Revenue Account	R 14,14,800	...	...	...	...	...
TOTAL EXPENDITURE CHARGEABLE TO THE FAMINE GRANT R	1,50,00,000	1,50,00,000	1,50,00,000	1,50,00,000	1,50,00,000	1,50,00,000
Equivalent in Sterling £	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000

221. As has frequently been explained before, this fixed grant of $1\frac{1}{2}$ crores is devoted, firstly, to actual Famine Relief; then, if not fully required for this purpose, to expenditure (not exceeding 75 lakhs) on Protective railways and irrigation works; and lastly, if any balance remains, to capital expenditure which would otherwise be met from loan funds. The cost of actual famine relief in the current year is expected to be about 8 lakhs in Bengal, nearly $19\frac{1}{2}$ lakhs in the United Provinces, $12\frac{1}{2}$ lakhs in Bombay, and 5 lakhs in Ajmer and Rajputana; the expenditure, except in Bengal, being considerably less than had

been anticipated. For next year the only important provision is 8 lakhs in Bengal. Under Protective irrigation works the full allotment of the current year could not be spent, partly owing to the postponement of certain works and partly owing to scarcity of labour.

RAILWAY REVENUE ACCOUNT.

	Accounts, 1903-1904.	Accounts, 1904-1905.	Accounts, 1905-1906.	1906-1907.		1907-1908, Budget.
				Budget.	Revised.	
	₹	₹	₹	₹	₹	₹
STATE RAILWAYS—						
Gross Receipts	30,86,48,869	34,35,05,055	35,41,13,167	38,52,29,000	39,00,69,000	40,18,63,000
Working Expenses	15,56,72,365	10,94,31,560	10,95,16,463	18,58,22,000	19,14,29,600	19,78,41,000
Net Receipts	15,29,76,504	17,40,73,495	18,49,26,704	19,94,07,000	19,86,40,000	20,40,22,000
Net Revenue equivalent at ₹15 = £1	₹ 10,198,433	₹ 11,604,900	₹ 12,328,447	₹ 13,293,800	₹ 13,242,700	₹ 13,601,500
Surplus Profits payable to Companies, Interest and other Charges—						
India converted at ₹15 = £1	3,526,753	3,715,315	4,315,433	4,588,800	4,658,000	4,928,600
England	5,557,330	5,624,051	5,735,338	6,238,300	6,187,900	6,278,800
Net Result	1,114,350	2,265,534	2,277,676	2,466,700	2,396,800	2,394,100
GUARANTEED RAIL- WAYS—						
Net Traffic Receipts converted at ₹15 = £1	941,463	1,074,814	921,975	417,700	415,800	410,000
Surplus Profits payable to Companies, Interest and other Charges—						
India converted at ₹15 = £1	117,311	138,593	128,913	2,600	43,700	36,500
England	1,032,772	1,045,143	1,038,620	584,800	584,800	581,800
Net Result	-208,620	-108,922	-245,558	-169,700	-212,700	-208,300
Other Receipts	39,812	47,314	42,628	55,000	58,900	60,300
Other Charges	84,873	98,488	72,780	122,700	85,200	96,400
Net Result	-45,061	-51,174	-30,152	-67,700	-26,300	-36,100
TOTAL NET RESULT	860,669	2,105,438	2,001,966	2,229,300	2,157,800	2,149,700
STATISTICS—						
State Railways—						
Capital Expenditure to March 31—						
Expenditure by Government	122,406,787	127,491,492	148,466,306	153,848,792	156,409,306	160,978,806
Expenditure by Companies	40,392,021	41,614,265	41,837,721	43,861,565	43,479,221	45,043,421
Outlay on the East Indian Railway from Debentures raised by the Company	5,630,490	6,194,127	7,572,122	9,422,127	7,572,122	9,822,122
Outlay on the South Indian Railway by the Company	1,001,250	1,401,250	1,511,250	1,511,250	1,511,250	1,511,250
Outlay on the Bombay, Baroda and Central India Railway by the Company	...	...	...	...	...	400,000
TOTAL	169,430,548	176,701,134	199,437,399	208,643,734	208,971,899	217,755,599
Miles open on April 1	20,119	20,744	20,330	21,521	21,523	22,286
Guaranteed Rail- ways—						
Miles open on April 1	1,349	1,408	1,408	904	904	904

FINANCIAL STATEMENT OF THE

222. The figures under this head have already been analyzed and discussed in Sections II and III.

223. Taking the Railway Revenue Account as a whole, the Budget Estimate for next year compares as follows with the Budget and Revised Estimates of the current year:—

	IN HUNDREDS OF POUNDS STERLING.			IN THOUSANDS OF RUPEES.		
	1906-1907.		1907-1908.	1906-1907.		1907-1908.
	Budget.	Revised.	Budget.	Budget.	Revised.	Budget.
	£	£	£	₹	₹	₹
Gross Receipts, including net receipts of Guaranteed Railways, and repayments of advances of interest by Subsidised Companies.	26,154.6	26,479.3	27,261.2	39,23.19	39,71.89	40,89.17
Working Expenses	12,388.1	12,761.9	13,189.4	18,58.22	19,14.29	19,78.41
Interest, Annuities, Surplus profits payable to Companies, etc.	11,414.5	11,474.4	11,825.7	17,12.17	17,21.18	17,73.86
Miscellaneous Charges	122.7	85.2	96.4	18.40	12.78	14.46
NET RECEIPTS	2,229.3	2,157.8	2,149.7	3,34.40	3,23.64	3,22.44

224. The net profit accruing to Government from railways is thus expected to amount to £2,149,700 next year, being less than the Revised Estimate of the current year by £8,100 and £79,600 worse than the current year's Budget.

IRRIGATION.

IRRIGATION.	Accounts, 1903-1904.	Accounts, 1904-1905.	Accounts, 1905-1906.	1906-1907.		1907-1908, Budget.
				Budget.	Revised.	
	₹	₹	₹	₹	₹	₹
MAJOR WORKS.						
Revenue { Direct Receipts	2,88,00,449	2,99,14,971	2,80,37,332	3,18,12,000	3,52,03,000	3,32,88,000
Land Revenue	1,25,57,090	1,33,98,743	1,45,31,687	1,42,82,000	1,49,54,000	1,54,76,000
Expenditure { Working Expenses	1,21,61,268	1,31,29,212	1,34,67,347	1,35,17,000	1,42,51,000	1,39,82,000
Interest	1,49,13,519	1,52,28,363	1,56,21,842	1,61,88,000	1,61,69,000	1,68,44,000
NET REVENUE R	1,42,82,752	1,49,56,139	1,34,79,830	1,63,89,000	1,97,37,000	1,79,38,000
Equivalent in Sterling £	952,183	997,076	898,656	1,092,600	1,315,800	1,195,900
MINOR WORKS.						
Receipts—Direct	23,18,910	27,51,819	25,30,923	26,56,000	28,10,000	26,15,000
Expenditure	1,31,25,317	1,34,37,717	1,41,17,297	1,51,89,000	1,35,80,000	1,50,31,000
NET EXPENDITURE R	1,08,06,407	1,06,85,898	1,15,86,374	1,25,33,000	1,07,70,000	1,24,16,000
Equivalent in Sterling £	720,427	712,393	772,425	835,500	718,100	827,700
STATISTICS OF MAJOR WORKS.						
Capital Outlay to March 31 R	37,93,59,394	38,70,76,454	39,97,32,861	41,75,94,454	41,67,61,861	43,57,46,861
Equivalent in Sterling £	25,290,626	25,805,097	26,648,857	27,839,630	27,784,124	29,049,791

225. Even the very high estimate which was framed for the current year of direct receipts from irrigation has been exceeded: in the United Provinces by ₹19,17,000, in the Punjab by ₹11,85,000 and by smaller amounts elsewhere. In the United Provinces the acreage supplied with canal water during the *rabi* of 1905-1906 was the highest on record. In the Punjab there was a great development of irrigation from the Sirhind, Western Jumna, and Upper Bari Doab Canals. For next year, a reversion to more normal conditions is anticipated in both provinces. The improvement in the amount of land revenue credited to irrigation

occurs mainly in Sind, and is the result of the extension of cultivation rendered possible by canal water.

226. The increase of Working Expenses during the current year is almost wholly in the Punjab, and is due to greater activity in pushing on important works and repairs. Next year's figure has been susceptible of a corresponding reduction; but provision is made for expenditure on the Shwebo Canal in Burma, which will be in operation next year. The interest charges rise with the growth of the capital expenditure on irrigation.

227. Under Minor Works the chief advance in the current year has been in the Punjab, mainly from an increased employment of the Lower Sutlej Inundation Canals, and in Bombay, chiefly from recoveries of arrears in the Satara district. The receipts for next year are taken at a more normal figure.

OTHER PUBLIC WORKS.

EXPENDITURE.	Accounts, 1903-1904.	Accounts, 1904-1905.	Accounts, 1905-1906.	1906-1907.		1907-1908, Budget.
	R	R	R	Budget. R	Revised. R	R
India—						
Military Works . . .	1,47,25,195	1,39,79,372	1,57,00,574	1,70,85,000	1,59,59,000	1,84,82,000
Civil Works, Imperial	86,48,595	1,04,43,283	1,07,73,304	96,74,000	1,00,27,000	1,09,10,000
Civil Works, Provin- cial	4,00,31,031	4,04,57,921	4,53,05,780	5,03,30,000	4,93,73,000	5,11,01,000
Civil Works, Local . .	1,89,73,803	1,96,64,996	2,31,23,678	2,42,90,000	2,30,83,000	2,51,58,000
Construction of Rail- ways charged to Provincial or Local Revenues	3,98,248	93,754	1,07,933	73,000	55,000	31,000
TOTAL INDIA . . .	8,27,76,872	8,46,39,326	9,50,11,269	10,14,52,000	9,84,97,000	10,56,82,000
Equivalent in Sterling .	£ 5,518,458	£ 5,642,621	£ 6,334,085	£ 6,763,500	£ 6,566,500	£ 7,045,500
England—						
Military Works . . .	£ 52,974	£ 49,641	£ 48,199	£ 30,400	£ 62,000	£ 27,000
Civil Works	£ 92,026	£ 73,882	£ 75,023	£ 70,300	£ 68,600	£ 57,200
TOTAL EXPENDITURE £	5,663,458	5,766,144	6,457,307	6,864,200	6,697,100	7,129,700
RECEIPTS.						
India	R 79,39,985	R 76,84,868	R 77,60,682	R 76,35,000	R 82,30,000	R 82,29,000
Equivalent in Sterling	£ 529,332	£ 512,324	£ 517,379	£ 509,000	£ 543,700	£ 548,600
England	£ 26,171	£ 26,229	£ 19,338	£ 6,600	£ 10,000	£ . . .
TOTAL RECEIPTS £	555,503	538,553	536,717	515,600	558,700	548,600

228. The Military Works expenditure in India was short of the estimate for the current year by reason of difficulties in carrying out the full programme of buildings consequent on Lord Kitchener's reorganization scheme. For next year, more rapid progress is expected; and the Department has also taken over certain charges connected with electric lighting and water-supply in barracks and cantonments which were formerly debited to the head Army.

229. Under Imperial Civil Works the chief excesses over budget provision have been in the purchase of land and buildings in Calcutta for the construction of a new Secretariat office, in a special grant for the Daly College at Indore, and for settlement buildings in Eastern Bengal. The larger provision for next year is partly due to the fact that Civil Works was formerly an entirely Provincial head in Burma, and that under the new settlement a provision has had to be made of 3,38 for Imperial Works in that province. Among other items which had to be considered in fixing the higher grant for next year may be mentioned a grant of 4 lakhs for the Daly College at Indore and of 5 lakhs for the new agricultural buildings at Pusa. The decrease in the charges to be incurred next year for Civil Works in England is mainly due to the closing of the Royal Indian Engineering College at Cooper's Hill.

ARMY SERVICES.

EXPENDITURE.	Accounts, 1903-1904.	Accounts, 1904-1905.	Accounts, 1905-1906.	1906-1907.		1907-1908, Budget.
				Budget.	Revised.	
INDIA—	R	R	R	R	R	R
<i>Effective Services—</i>						
Regimental Pay and Allowances.	8,85,44,754	9,81,48,328	10,20,30,717	10,67,86,000	10,40,23,000	10,75,85,000
Supply and Transport	4,19,01,868	4,23,40,078	4,49,48,266	4,74,78,000	4,87,37,000	4,91,45,000
Ordnance	1,09,25,486	1,17,83,401	1,26,01,914	1,36,78,000	1,30,50,000	1,50,30,000
Other Heads	4,13,42,750	4,30,63,249	3,47,43,022	3,55,25,000	3,71,31,000	3,69,06,000
	18,27,14,858	19,53,40,056	19,43,23,949	20,34,67,000	20,29,41,000	20,87,56,000
<i>Non-effective Services</i>	1,00,92,048	1,00,80,632	1,02,95,803	1,01,92,000	1,00,91,000	1,01,47,000
<i>Reorganisation</i> . . . .	...	61,67,087	68,81,904	...	...	...
TOTAL INDIA	19,28,06,906	21,15,87,775	21,15,01,656	21,36,59,000	21,30,32,000	21,89,03,000
Equivalent in Sterling	£ 12,853,793	£ 14,105,851	£ 14,100,110	£ 14,243,900	£ 14,202,100	£ 14,593,500
ENGLAND—						
<i>Effective Services—</i>						
Payments to War Office in respect of British Forces serving in India.	627,109	644,552	565,720	650,000	670,500	667,500
Furlough Allowances and Pay during Voyage of British Forces	141,132	124,465	129,263	130,000	146,000	129,000
Furlough Allowances of Officers of the Indian Service	261,115	269,603	292,877	270,000	320,000	300,000
Indian Troop Service	360,039	370,944	313,810	319,000	365,000	355,500
Other Heads	55,285	64,971	50,915	50,000	44,200	49,400
Stores for India—						
Clothing	238,956	212,903	192,966	198,400	206,500	256,200
Ordnance and Miscellaneous	795,670	1,142,545	433,277	475,800	1,344,800	425,100
Reorganization . . . .	...	...	...	1,002,200	...	...
Other Heads	139,474	116,142	87,837	103,900	102,000	112,700
	2,618,780	2,946,125	2,066,665	3,199,300	3,199,000	2,295,400
<i>Non-effective Services—</i>						
Payments to War Office for Retired Pay, etc., of British Forces for services in India.	659,895	729,615	715,283	745,000	772,700	807,000
Pay and Pensions in respect of the Indian Service	1,580,924	1,543,153	1,515,868	1,500,000	1,505,000	1,500,000
Other Heads	151,816	164,584	153,637	158,500	153,300	155,000
	2,392,635	2,437,352	2,384,788	2,403,500	2,431,000	2,462,000
<i>Reorganisation—</i>						
Stores for India . . . .	...	686,366	715,567	...	...	...
TOTAL ENGLAND £	5,011,415	6,069,843	5,167,020	5,602,800	5,630,000	4,757,400
TOTAL EXPENDITURE £	17,865,208	20,175,694	19,267,130	19,846,700	19,832,100	19,350,900
RECEIPTS.	R	R	R	R	R	R
India	95,85,634	91,02,271	99,30,824	1,14,18,000	1,10,55,000	1,01,05,000
Equivalent in Sterling	£ 639,042	£ 606,818	£ 662,055	£ 761,200	£ 737,000	£ 673,700
England	450,386	354,113	527,641	303,300	378,300	390,100
TOTAL RECEIPTS £	1,089,428	960,931	1,189,696	1,064,500	1,115,300	1,063,800

230. These figures form the subject of a special appendix by the Military Finance Secretary.

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

RAILWAY CONSTRUCTION.

231. The expenditure on Railway Construction for which the Government of India undertakes financial responsibility or gives any direct guarantee is now estimated at R14,61,16,000 in 1906-1907. There was a lapse of about a crore of rupees from the amounts placed at the disposal of the Secretary of State and of some of the Railway Companies' Boards, but this lapse has, to a large extent, been counterbalanced by increased grants for expenditure in India.

232. For 1907-1908 the programme of capital outlay on Railway Construction has been placed at R13,50,00,000.

233. The distribution of the total expenditure on Railway Construction between State and Companies' agency in each of the three years from 1905-1906 to 1907-1908 is as follows:—

	Accounts, 1905-1906.	Revised Estimate, 1906-1907.	Budget Estimate, 1907-1908.
<i>Expenditure in England.</i>			
1. State Lines	£ 2,049,305	£ 2,593,100	£ 3,626,600
2. Old Guaranteed Railways	397,422	372,600	461,500
3. Extensions of ditto	437	...	...
4. Other Guaranteed or Assisted Railways	729,589	1,066,300	1,326,900
TOTAL	3,176,753	4,032,000	5,415,000
<i>Equivalent in rupees of Expenditure in England.</i>			
1. State Lines	R 3,07,39,568	R 3,88,97,000	R 5,43,99,000
2. Old Guaranteed Railways at contract rates	48,29,522	40,66,000	50,35,000
3. Extensions of ditto at prescribed rates	6,553	...	...
4. Other Guaranteed or Assisted Railways at contract rates	1,09,43,839	1,59,95,000	1,99,04,000
TOTAL	4,65,19,482	5,89,58,000	7,93,38,000
<i>Expenditure in India.</i>			
1. State Lines	11,04,13,408	8,01,14,000	5,38,27,000
2. Old Guaranteed Railways	—1,83,52,602	—17,63,000	—23,63,000
3. Extensions of ditto	2,464	12,000	40,000
4. Other Guaranteed or Assisted Railways	—39,95,314	78,41,000	35,30,000
5. Branch lines on firm guarantee	3,532	4,000	30,000
6. Local Boards' Lines	4,00,470	9,50,000	6,00,000
TOTAL INDIA	8,84,71,958	8,71,58,000	5,56,62,000
TOTAL OF PROGRAMME IN RUPEES	13,49,91,440	14,61,16,000	13,50,00,000
DITTO IN £ STERLING			
AT R15 TO THE £	8,999,430	9,741,100	9,000,000

234. The figures in the above table do not include the expenditure on Protective Railways met from the Famine Insurance grant, nor of Branch Line Companies not in receipt of a direct guarantee. Including this expenditure, and also some small expenditure from Provincial and Local Revenues, the total outlay on Railway Construction in the three years is as follows:—

	Accounts, 1905-1906.	Revised Estimate, 1906-1907.	Budget Estimate, 1907-1908.	<i>Total outlay on Railways including expenditure by Branch Line Companies and on Protective Lines, etc.</i>
	R	R	R	
Total as in preceding table	13,49,91,440	14,61,16,000	13,50,00,000	
Famine Protective lines	8,29,170	79,000	35,000	
Branch lines not on firm guarantee	6,94,036	8,52,000	2,09,000	
Provincial and Local State lines	1,07,933	55,000	31,000	
GRAND TOTAL IN RUPEES	13,65,22,579	14,71,02,000	13,52,75,000	
DITTO IN £ STERLING				
AT R15 TO THE £	9,108,172	9,806,800	9,018,400	

235. Details of the expenditure on State and Companies' lines, whether open or under construction, for 1906-1907 and 1907-1908, will be found in Statement A of Appendix III, furnished by the Railway Board.

CONSTRUCTION OF PRODUCTIVE IRRIGATION WORKS.

236. The figures are:—

	Accounts, 1905-1906.	Budget, 1906-1907.	Revised, 1906-1907.	Budget, 1907-1908.
Total in Rupees	83,42,910	1,25,00,000	1,23,46,000	1,25,00,000
Equivalent in Sterling	£556,194	833,300	823,100	833,300

*Capital outlay on
Productive
Irrigation Works.*

The decrease of Rs. 1,54,000 in the Revised Estimate as compared with the Budget Estimate is small and compares most favourably with the large lapses of several previous years under this important head. The Budget grant for 1907-1908 has again been fixed at Rs. 1,25,00,000.

Details.

237. The following table shows the projects included in the programme of 1906-1907 as now revised and in that of 1907-1908, and the amount to be spent on each:—

Name of project.	Expenditure in	
	1906-1907.	1907-1908.
<i>Canals in operation—</i>		
Mandalay Canal	10,000	...
Shwebo "	4,28,000	1,99,000
Ganges "	3,09,000	2,89,000
Lower Ganges Canal	2,85,000	3,34,000
Fatehpur Branch, Lower Ganges Canal	62,000	70,000
Agra Canal	5,04,000	3,78,000
Eastern Jumna Canal	63,000	79,000
Western " "	50,000	30,000
Upper Bari Doab "	1,14,000	4,80,000
Sirhind Canal	87,000	1,00,000
Lower Chenab Canal	17,000	2,00,000
Lower Jhelum "	4,04,000	5,00,000
Indus Inundation Canals	2,60,000	3,00,000
Godavari Delta	1,63,000	39,000
Kistna "	61,000	35,000
Penner River Canals	10,000	...
Cauvery Delta	1,27,000	76,000
Periyar Project	5,40,000	65,000
<i>Canals under construction—</i>		
Mon Canals	8,76,000	7,83,000
Ye-u Canal	1,30,000	18,000
Upper Chenab Canal	34,03,000	38,25,000
Upper Jhelum "	27,37,000	23,00,000
Lower Bari Doab Canal	1,00,000	5,00,000
Paharpur Inundation Canal	2,96,000	70,000
Upper Swat River Canal	78,000	70,000
Nagavalli River project	2,36,000	2,48,000
Divi Island project	7,74,000	4,37,000
<i>Other Projects</i>	2,22,000	5,75,000
<i>Reserve</i> . . . . .	...	5,00,000
TOTAL R	1,23,46,000	1,25,00,000
Equivalent in Sterling £	823,100	833,300

Section VI.—Provincial Finance.

238. The system of *quasi*-permanent settlement described in paragraphs 211 to 213 of the Financial Statement of 1904-1905 has now been extended to Burma, which was the only province remaining to be brought under the new system. The new settlement will come into effect from 1st April 1907. In accordance with the precedent of the most recent settlements, Burma has been given a one-half share of the principal divisible heads of revenue, with the exception of Registration, which will be wholly Provincial. Under the expiring settlement, the shares were three-fourths under Stamps, one-third under Excise and one-half under all the other divided heads. The province also enjoyed a half share of the Salt Revenue, which has now been wholly imperialized as in other provinces.

239. The Local Government receives a fixed assignment of Rs 90,68,000 to cover the difference between its total revenue and its total expenditure. Furthermore, in order that it may start the settlement under favourable conditions and provide for non-recurring public works expenditure, it has been given an initial grant of 50 lakhs. Advantage has been taken of the new settlement to merge therein the special grants-in-aid to District Boards, and the grants for Police, Primary Education, Agricultural development, and European and Eurasian Education. Allowance has also been made for all further expenditure on police reform, so that the Province will not participate in the distribution of any fresh grant that may be made for this purpose in the future.

240. Some modifications of detail were introduced into the settlement made with Eastern Bengal and Assam. These had the effect of converting the fixed assignment of Rs 6,23,000 (paragraph 221 of the last Financial Statement) from Provincial to Imperial into one of Rs 60,000 from Imperial to Provincial. The special grants separately allowed for police reform and reorganisation of military police, which aggregated Rs 4,25,000, have also been merged in the fixed assignment and have raised the latter to Rs 4,85,000; but, as explained above, the real increase to the assignment amounted only to Rs 6,83,000.

241. In accordance with a promise originally made in 1904 the fixed assignment to Bengal has been increased by a sum of Rs 1,67,000 on account of the reorganisation of the Provincial Service. A special assignment (non-recurring) of Rs 2,23,000 has also been made to Bengal for certain expenditure incurred as a result of the partition in Assam but debited to the Eastern Bengal surplus for 1905-1906.

242. As stated in paragraph 41 a further grant of 22½ lakhs will be made next year to ensure steady progress in the execution of the police reforms advocated by the Police Commission. This is in addition to the sum of nearly 8 lakhs allowed to Burma for the same purpose in the new settlement. It will be remembered that a recurring grant of 50 lakhs was made for this purpose in 1905-1906 and one of 25 lakhs in the current year. Some of the Local Governments, notably the United Provinces and the Punjab, have made steady progress with the reforms and have fully utilised the Imperial grants for the purpose for which they were given. Other Local Governments have not found it possible to push on their reforms at the same pace, and the consequence is that portions of the Imperial grants still remain in their balances. These sums will be available for expenditure when the reforms are ready for introduction; and the distribution of the lump grant for next year has accordingly been somewhat varied. In determining the allotments for each province, regard has been had not only to its requirements for next year, but to the unexpended portions of former grants which are now lying in its balances and can still be employed for their original purpose. The distribution of the grant for 1907-1908 is thus as follows :—

	R
Madras	1,00,000
Bombay	2,00,000
Bengal	4,00,000
Eastern Bengal and Assam	2,50,000
United Provinces	5,00,000
Punjab	5,50,000
Central Provinces	1,00,000
Minor Provinces	1,50,000
	<u>22,50,000</u>

Distribution of the grant for European and Eurasian Education.

243. As stated in paragraph 224 of the last Financial Statement, out of the five lakhs grant for technical schools and European and Eurasian education, R2,54,000 intended for the former was distributed in the Budget Estimate of the current year, but the balance was not distributed among the several provinces at the time. The amount has since been allotted as follows; the amount falling to the share of Burma having been merged in the fixed assignment under the new settlement :—

	R
Madras	40,000
Bombay	35,000
Bengal	65,000
United Provinces	50,000
Punjab	27,000
Burma	12,000
Eastern Bengal and Assam	5,000
Central Provinces	12,000
TOTAL	2,46,000

The sum of R10,000 which, as mentioned in paragraph 224 of the last Financial Statement, was included in the Central Provinces allotment as a special grant for building has, with effect from 1907-1908, been transferred to the Punjab allotment for the establishment of a school at Sanawar for the training of European teachers.

Grant to Bombay and United Provinces for Famine Expenditure.

244. As stated in paragraph 57, Bombay and the United Provinces have received R12,32,000 and R28,35,000 respectively, on account of the Famine expenditure defrayed by them out of their Provincial revenues during the years 1905-1906 and 1906-1907. These Provinces were adversely affected by the Famine which, occurring soon after the conclusion of the new settlement, deprived them of the full benefit of their initial grants.

Assignments for building up Provincial reserve for famine expenditure.

245. As explained fully in Part I of the Financial Statement, some important alterations will be made with effect from next year in the method of dividing the burden of famine relief expenditure between the Imperial and Provincial Governments. The assignments noted below will be given annually to the Provincial Governments to enable them to build up a reserve of credit with the Government of India, to be drawn against when it becomes necessary for them to incur famine relief expenditure. The amounts of the assignments will be debited in the Provincial Section of the accounts to Reduction of Debt and a *pro forma* account will be kept of the amounts thus accumulated year by year to the credit of each Government. When famine occurs, the expenditure incurred by the Local Government concerned on relief operations will be charged to Imperial revenues so long as the amount at credit of the Local Government is sufficient to cover it. After the credit has been exhausted, further expenditure will be divided between Imperial and the Provincial Government concerned in equal shares. If a famine should be so widespread as to reduce the Provincial balance below one-half of the prescribed minimum, the incidence of expenditure after that stage will have to be determined in each case. If famine occurs in any province during the next five years, before a sufficiently large reserve of credit has been accumulated, any expenditure incurred on relieving it will be treated as Imperial up to a limit equal to the accumulated credits for five years. In order also to prevent the possible accumulation of the credit for a Provincial Government to an unnecessarily high figure, the amounts noted below have been fixed as the maximum limits for these reserves. When the limit has been reached, the annual assignment and addition to the outstanding credit of a Local Government will cease until it has been reduced by expenditure on relief. Burma and Eastern Bengal and Assam will not participate in these special arrangements, as they are provinces which have been subject to famine only to a very limited extent.

	Annual assignments.	Maximum limit of reserve credits.
	R	R
Madras	2,50,000	25,00,000
Bombay	13,70,000	80,00,000
Bengal	2,60,000	25,00,000
United Provinces	4,50,000	30,00,000
Punjab	1,40,000	10,00,000
Central Provinces	12,80,000	80,00,000

246. The following table gives the usual information regarding the revenue, expenditure and balances of each province, compared with standards assumed in the settlements in force in each:—

Revenue Expenditure and balances of the various provinces.

	Estimate for the previous Settlement.	Estimate for the present quasi-permanent Settlement.	ACCOUNTS.			Revised, 1906-1907.	Budget, 1907-1908.
			1903-1904.	1904-1905.	1905-1906.		
			1	2	3			4	5	6	7
	R	R	R	R	R	R	R
MADRAS—							
Balance on April 1, 1903 . . .	...	...	42,71,000	...	...	...	...
Total Revenue, including adjustments . . .	3,10,65,000	3,50,48,000	4,22,11,000	3,63,69,000	4,12,83,000	4,86,24,000	4,85,43,000
Total Expenditure . . .	3,10,65,000	3,50,48,000	3,69,70,000	3,77,71,000	4,10,63,000	4,71,07,000	5,01,15,000
Closing Balance . . .	...	...	95,12,000	81,10,000	83,30,000	1,03,26,000	87,54,000
						(a)	
BOMBAY—							
Balance on April 1, 1903 . . .	...	...	34,00,000	...	...	...	...
Total Revenue, including adjustments . . .	4,16,53,000	4,91,75,000	4,60,62,000	5,10,29,000	5,24,22,000	5,76,18,000	5,76,33,000
Total Expenditure . . .	4,16,53,000	4,91,75,000	4,61,85,000	4,66,33,000	5,24,65,000	5,56,48,000	5,84,81,000
Closing Balance . . .	...	...	32,77,000	76,73,000	76,30,000	1,00,36,000	91,88,000
						(b)	
BENGAL—BEFORE PARTITION—							
Balance on April 1, 1903 . . .	...	...	55,29,000	...	...	...	...
Total Revenue, including adjustments . . .	4,98,87,000†	...	6,33,54,000	5,18,29,000	...	...	...
Total Expenditure . . .	4,98,87,000†	...	5,46,30,000	5,30,82,000	...	...	...
Closing Balance . . .	...	...	1,42,53,000	1,30,00,000	...	...	...
BENGAL AS NOW CONSTITUTED—							
Balance on April 1, 1906 . . .	...	...	...	...	...	1,10,48,000	...
Total Revenue, including adjustments . . .	...	4,74,40,000	...	...	5,15,45,000‡	5,00,66,000	5,17,71,000
Total Expenditure . . .	...	4,74,40,000	...	...	5,34,97,000	5,20,00,000	5,34,29,000
Closing Balance . . .	...	...	...	...	1,10,48,000	91,14,000	74,56,000*
ASSAM—							
Balance on April 1, 1903 . . .	...	...	16,09,000	...	...	...	...
Total Revenue, including adjustments . . .	72,07,000†	...	92,84,000	75,20,000	...	...	...
Total Expenditure . . .	72,07,000†	...	81,44,000	77,80,000	...	...	...
Closing Balance . . .	...	...	27,49,000	24,80,000	...	...	...
EASTERN BENGAL AND ASSAM—							
Balance on April 1, 1906 . . .	...	...	...	...	...	62,00,000	...
Total Revenue, including adjustments . . .	...	2,22,82,000	...	...	1,80,90,000§	2,35,57,000	2,39,49,000
Total Expenditure . . .	...	2,22,82,000	...	...	1,43,70,000	2,37,20,000	2,54,54,000
Closing Balance . . .	...	...	...	...	62,00,000	60,37,000	45,32,000
UNITED PROVINCES OF AGRA AND OUDH—							
Balance on April 1, 1903 . . .	...	...	38,16,000	...	...	...	...
Total Revenue, including adjustments . . .	3,42,62,000	3,66,64,000	4,30,39,000	3,77,58,000	3,84,90,000	4,89,90,000	4,66,31,000
Total Expenditure . . .	3,42,62,000	3,66,64,000	3,93,28,000	3,86,27,000	4,13,69,000	4,75,71,000	4,70,97,000
Closing Balance . . .	...	...	75,27,000	66,58,000	37,79,000	62,10,000	57,44,000
						(c)	
PUNJAB—							
Balance on April 1, 1903 . . .	...	...	25,25,000	...	...	...	...
Total Revenue, including adjustments . . .	1,90,28,000	2,49,50,000	2,30,40,000	2,69,82,000	2,67,42,000	3,08,56,000	3,14,88,000
Total Expenditure . . .	1,90,28,000	2,49,50,000	2,23,65,000	2,21,87,000	2,95,39,000	3,19,93,000	3,28,45,000
Closing Balance . . .	...	...	32,00,000	79,95,000	51,93,000	49,10,000	35,53,000
						(d)	
BURMA—							
Balance on April 1, 1903 . . .	...	...	1,05,30,000	...	...	...	...
Total Revenue, including adjustments . . .	3,31,33,000	4,39,66,000	3,70,48,000	3,85,71,000	4,15,66,000	4,72,07,000	4,53,43,000
Total Expenditure . . .	3,31,33,000	4,39,66,000	3,90,80,000	4,01,63,000	4,41,80,000	4,43,51,000	4,69,90,000
Closing Balance . . .	...	...	84,98,000	69,06,000	42,92,000	66,48,000	50,01,000
CENTRAL PROVINCES PROPER—							
Balance on April 1, 1903 . . .	...	...	22,42,000	...	...	...	...
Total Revenue, including adjustments . . .	83,93,000	...	1,14,39,000	1,14,84,000	...	...	...
Total Expenditure . . .	83,93,000	...	1,21,80,000	1,21,85,000	...	...	...
Closing Balance . . .	...	...	15,01,000	8,00,000	...	...	...
CENTRAL PROVINCES AND BERRAR—							
Balance on April 1, 1906 . . .	...	...	...	...	...	40,35,000	...
Total Revenue, including adjustments . . .	...	1,76,43,000	...	...	1,58,60,000	2,03,67,000	2,27,35,000
Total Expenditure . . .	...	1,76,43,000	...	...	1,26,34,000	1,89,47,000	2,14,07,000
Closing Balance . . .	...	...	...	...	40,35,000	54,55,000	67,83,000

* Includes Rs 50 lakhs held for the Calcutta improvement scheme referred to in paragraph 219 of the Financial Statement for 1904-1905.

† Settlement of 1904.

‡ Whole of Bengal up to 15th October 1905 and Bengal after partition for the rest of the year.

§ Assam up to 15th October 1905 and Eastern Bengal and Assam for the rest of the year.

(a) Includes Rs 4,79,000 on account of Ryotwari Village Service Fund balance on 1st April 1906 transferred to Provincial.

Provincial.

(c) Includes Rs 10,12,000 on account of Patwari Fund balance on 1st April 1906 transferred to Provincial.

(d) Includes Rs 8,49,000 on account of Patwari Fund balance on 1st April 1906 transferred to Provincial.

Section VII.—Ways and Means.

HOME TREASURY.

247. The following are the details of the transactions of the Home Treasury in the Budget and Revised Estimates of 1906-1907 and in the Budget Estimate of 1907-1908 :—

	Budget, 1906-1907.	Revised, 1906-1907.	Budget, 1907-1908.
RECEIPTS.			
Capital raised and deposited by Railway Companies—	£	£	£
For Capital outlay	901,800	1,600	1,176,600
* For discharge of Debentures	2,718,300	...	2,385,100
Deposits and Advances—			
* Gold Standard Reserve	3,324,200	3,352,000	3,358,600
Currency Reserve	1,076,700	1,076,700	69,700
Other items	11,500	15,300	900
Remittance Account between England and India—			
Railway transactions	1,853,500	4,000	2,903,500
Gold withdrawn from Paper Currency Reserve	1,750,000	1,650,000	...
Other transactions	339,500	886,500	369,700
Total Receipts, excluding Council Bills and Loans	11,975,500	6,986,100	10,264,100
DISBURSEMENTS.			
Excess of Expenditure over Revenue	18,731,300	18,565,400	17,783,200
Railway and Irrigation Capital not charged to Revenue—			
Outlay on State Railways and Irrigation Works	3,590,000	2,666,100	3,656,600
Outlay of Railway Companies	2,172,700	1,410,400	1,790,000
* Payments to Railway Companies for discharge of debentures	2,718,300	302,800	2,385,100
Permanent Debt discharged	749,900	749,900	500,000
Deposits and Advances—			
* Gold Standard Reserve	3,324,200	3,352,000	3,358,600
Currency Reserve	31,700	31,700	69,700
Other transactions	1,500	253,800	52,200
Remittance Account between England and India—			
Railway transactions	2,209,500	2,162,000	2,849,400
Purchase of silver	750,000	12,567,500	...
Gold placed in Currency Reserve against corresponding withdrawal in India . . . . .	...	3,500,000	...
Other transactions	422,000	517,200	296,000
Total Disbursements	34,701,100	46,108,800	32,740,800
Net Disbursements, excluding Council Bills, Loans, and Opening Balance	22,725,600	39,122,700	22,476,700
<i>Financed as follows :</i>			
Council Bills	17,800,000	33,000,000	18,100,000
Permanent Debt incurred	2,000,000	2,000,000	3,500,000
Reduction of Cash Balance	2,925,600	4,122,700	876,700
TOTAL	22,725,600	39,122,700	22,476,700
Opening Balance	8,144,581	8,436,519	4,313,819
Closing Balance	5,218,981	4,313,819	3,437,119

* The heads marked with an asterisk appear both on the receipt and payment sides. As the receipts and disbursements under each of them are generally equal, they do not affect the Ways and Means of the year to any material extent.

1906-1907.

General Remarks.

248. In the Budget Estimate of the current year, the net disbursements, exclusive of receipts from Council Bills and loans, were taken at £22,725,600, including £749,900 for the discharge of Bombay, Baroda and Central India Railway Debentures; and it was proposed to meet them by the sale of Council Bills for £17,800,000, by the issue of £2,000,000 of India stock and by drawing to the extent of £2,925,600 on the opening cash balance of the year.

249. The results according to the Revised Estimate show considerable variations from this forecast. The Estimate of Council Bills was framed to meet the Secretary of State's own requirements only, though it was understood that additional bills would, as usual, be sold, if need be, to meet the demands of trade. The actual demand for Council Bills proved to be exceptionally high and it is now estimated that the amount of drawings this year will reach the record figure of £33,000,000, being £15,200,000 in excess of the Budget Estimate and £1,833,000 in excess of the drawings of last year. The additional funds thus obtained by the Secretary of State have been applied, to the extent of £11,817,500 (over and above the sum of £750,000 provided in the Budget Estimate), for the purchase of silver sent to this country for the coinage of rupees required to meet the additional Council Bills; and £3,500,000 have been placed in the currency reserve in London so as to set free a corresponding amount from the currency reserve in India to be withdrawn for replenishing the treasury balance in this country. The net result is an excess payment of £117,500 in England. The other important variations from the Budget forecast are: (1) the excess of expenditure over revenue is £165,900 less, mainly in consequence of the realisation of an extra amount on account of interest on the investment of the high cash balances of the year; (2) the capital outlay on State Railways and Irrigation Works is £923,900 less; (3) the payments to Railway Companies and those working purchased Railways for their capital outlay, after deducting their small receipts on account of transfer fees, are less by £732,000 and £48,000 respectively; and (4) a special receipt of £250,000 in England against a corresponding payment made in this country in gold. These improvements aggregate £2,119,800. On the other hand (1) fresh capital to the extent of £899,900 and £1,850,000 expected to be raised respectively by Railway Companies and those working purchased railways have not been received; (2) payments have been made to Railway Companies for discharge of debentures for £302,800 which were expected to be met from fresh capital that (as just mentioned) has not been raised; (3) the amount of gold withdrawn from the Currency chest against payments into the Currency chest in this country is £100,000 less; and (4) the net payments under Deposits, Advances and Miscellaneous remittances are £46,700 more. As already mentioned, the remittances to India in silver and through the Currency Department have also exceeded the amount of additional Council Bills drawn by £117,500. These deteriorations aggregate £3,316,900 and, if the total improvement £2,119,800 mentioned above be deducted from it, they give a net worseness of £1,197,100. The amount drawn upon the cash balances of the year is thus £4,122,700 against £2,925,600 taken in the Budget Estimate.

250. The details of the transactions under Capital raised and deposited by Railway Companies are as follows:—

RECEIPTS.	Budget, 1906-1907.	Revised, 1906-1907.	<i>1906-1907. Capital raised and deposited by Railway Companies.</i>
<i>Subscribed Capital.</i>			
<u>To discharge Debentures—</u>			
Bengal-Nagpur Railway Extensions	£ 1,348,900	£ ...	
Indian Midland Railway	972,900	...	
Madras Railway	396,500	...	
	2,718,300	...	
<u>To meet Capital outlay—</u>			
Burma Railways	700,000	...	
Madras Railway	200,000	...	
Southern Mahratta Railway . . . . .	...	100	
Miscellaneous (Transfer fees, etc.)	900,000 1,800	100 1,500	
TOTAL	901,800	1,600	
TOTAL RECEIPTS	3,620,100	1,600	

FINANCIAL STATEMENT OF THE

ISSUES.	Budget, 1906-1907.	Revised, 1906-1907.
	£	£
For discharge of Debentures	2,718,300	302,800
For Capital outlay, <i>i.e.</i> , Stores, Establish- ment Charges, etc.	2,172,700	1,440,400
	4,891,000	1,743,200

Owing to stringency in the London money market no fresh capital was raised by any of the Companies. Debentures for £2,415,500 were renewed instead of being replaced by fresh capital, and debentures for £302,800 were discharged from funds supplied by the Secretary of State. There was a decrease in the withdrawals of most of the Companies for capital outlay, notably by the Bengal Nagpur and Madras Railway Companies. Failure to raise capital required for the discharge of debentures is not a matter of much consequence, as the Companies are almost always able to renew them. But the case of money required for capital outlay is different, as it means a larger drain on the Secretary of State's resources.

1906-1907.
Remittance
Account between
England and
India—Railway
Transactions.

251. The Railway Companies whose transactions are dealt with above have separate capital deposit accounts in England, and funds raised and withdrawn by them in England are brought directly to account in the Home Treasury. There are, however, other Companies which work railways that are the property of the State. Advances are made to these Companies in England for the purchase of stores, and funds are sometimes raised by them and deposited with the Secretary of State: these deposits and advances, instead of being brought directly to account in England, are treated as remittances from or to India and are brought to account in this country. The details of the transactions during the current year are as follows:—

	Budget, 1906-1907.	Revised, 1906-1907.
RECEIPTS.	£	£
<i>Debentures raised.—</i>		
East Indian Railway for additional capital expenditure	1,850,000	...
Transfer fees, etc.	3,500	4,000
TOTAL RECEIPTS	1,853,500	4,000
ISSUES.		
Rental paid to South Behar Railway Company . . . . .	...	30,000
Interest on purchase money of Kalka-Simla Railway . . . . .	...	8,800
<i>Advances for purchase of stores.—</i>		
East Indian Railway	850,000	982,300
Rajputana-Malwa Railway	190,000	161,100
South Indian Railway	297,000	219,900
Bengal and North-Western Railway	112,000	166,600
Great Indian Peninsula Railway	640,500	479,900
Bombay, Baroda and Central India Railway	120,000	111,300
Kalka-Simla Railway . . . . .	...	2,100
TOTAL	2,209,500	2,123,200
TOTAL ISSUES	2,209,500	2,162,000

No fresh capital was raised by the East Indian Railway.

252. The Budget Estimate provided for a sterling loan of £2,000,000 for the discharge of Bombay, Baroda and Central India debentures to the extent of £749,900, and for advances to Railway Companies under 51 Vict., c. 5. The sterling loan was announced in May last, tenders being invited for £2,000,000 of 3 per cent India stock at a minimum rate of £94 10s. per cent. The total amount tendered was £4,369,000 and the average rate of accepted tenders was £94 16s. 5d., against the rate of £97 18s. 1d. obtained in the previous year.

253. The Budget Estimates provide for a net disbursement of £22,476,700, exclusive of receipts from Council Bills and the issue of India stock, but taking into account a payment of £500,000 for the discharge of railway debentures which mature on 30th June 1907. The net disbursements are £248,900 less than the current year's Budget. This is the net result of the following variations,—

<i>Better.</i>	£
Net expenditure on Revenue Account (mainly due to decrease in Army Reorganization expenditure consequent on the completion in the current year of the rearmament of Horse and Field Artillery) <i>less</i>	948,100
Net payments to Railway Companies, <i>less</i>	1,067,600 *
Permanent Debt Discharged, <i>less</i>	249,900
Deposits and advances, <i>net</i>	94,900
Purchase of silver, <i>less</i>	750,000
<i>Worse.</i>	
Gold withdrawn from Paper Currency Reserve, including £1,045,000 shown under Currency Reserve under Deposits, <i>less</i>	2,795,000
Outlay on State Railways and Irrigation works, <i>more</i>	66,600

Of the net disbursement of £22,476,700, it is proposed to meet £18,100,000 by Council Bills, £3,500,000 by the creation of Permanent Debt, and £876,700 by drawing upon the cash balances of the Secretary of State. The cash balances on 31st March 1908 are therefore estimated at £3,437,119.

	Budget, 1906-1907.	Budget, 1907-1908.
	£	£
* RECEIPTS—		
Capital deposited by Railway Companies—		
For capital outlay	901,800	1,176,600
For discharge of debentures	2,718,300	2,385,100
Remittance account between England and India—		
Railway transactions	1,853,500	2,903,500
Total receipts	5,473,600	6,465,200
DISBURSEMENTS—		
Railway and Irrigation capital not charged to Revenue—		
Outlay of Railway Companies	2,172,700	1,790,000
Payment for discharge of debentures	2,718,300	2,385,100
Remittance account between England and India—		
Railway Transactions	2,209,500	2,849,400
Total disbursements	7,100,500	7,024,500
Net disbursements	1,626,900	559,300
Decrease	1,067,600	

FINANCIAL STATEMENT OF THE

1907-1908.
Loans.

254. The Secretary of State proposes to issue India stock for £3,500,000 of which £500,000 will be required for the discharge of Bombay, Baroda and Central India Railway debentures which mature on 30th June 1907 and most of the balance for Capital outlay on State Railways.

1907-1908.
Capital raised by
Railway
Companies.

255. The details of the estimates of capital to be raised by Railway Companies are as follows:—

Subscribed Capital by Railway Companies.

	To replace Debentures. £	Additional Capital. £
Assam-Bengal Railway	560,000	...
Bengal-Nagpur Railway Extensions	155,000	50,000
Burma Railways . . . . .	...	900,000
Indian Midland Railway	1,031,200	225,000
Southern Mahratta Railway	150,000	...
Madras Railway	488,900	...
	<hr/>	<hr/>
	2,385,100	1,175,000
Transfer fees and miscellaneous refunds . . . . .	...	1,600
	<hr/>	<hr/>
	2,385,100	1,176,600
	<hr/>	<hr/>

1907-1908.
Capital
of Railway
Companies
working purchased
Railways.

256. Railways working purchased lines propose to raise the following amounts:—

	To replace Debentures. £	Additional Capital. £
East Indian Railway . . . . .	...	2,250,000
South Indian Railway	250,000	...
Bombay, Baroda and Central India Railway . . . . .	...	400,000
	<hr/>	<hr/>
	250,000	2,650,000
	<hr/>	<hr/>

The following are the details of the transactions of the Gold Standard Reserve (formerly called the Gold Reserve Fund) in England:—

RECEIPTS.	1906-1907.		1907-1908.
	Budget. £	Revised. £	Budget. £
(a) Dividends on investments and discount on Treasury Bills	324,200	352,000	358,600
(b) Treasury Bills paid off at maturity and reinvested	3,000,000	3,000,000	3,000,000
	<hr/>	<hr/>	<hr/>
TOTAL	3,324,200	3,352,000	3,358,600
	<hr/>	<hr/>	<hr/>
PAYMENTS.	1906-07.		1907-08.
	Budget.	Revised.	Budget.
Investments made	3,324,200	3,352,000	3,358,600

257. As explained in paragraph 107 it has been decided to hold a part of the Gold Standard Reserve, namely, £4,000,000 in rupees. The balances are shown below :—

	Budget, 1906-1907.	Revised, 1906-1907.	Budget, 1907-1908.	1906-1907 and 1907-1908. Gold Standard Reserve.
	£	£	£	
Opening balance—				
Invested	12,165,000	12,165,000	12,517,000	
Uninvested—				
(1) Awaiting investment . . . . .	...	...	...
(2) Held in rupees . . . . .	...	...	3,963,300	
(3) Due from treasury balances	97,700	286,900	333,600	
	<u>12,262,700</u>	<u>12,451,900</u>	<u>16,813,900</u>	
Closing balance—				
Invested	12,489,200	12,517,000	12,875,600	
Uninvested—				
(1) Awaiting investment . . . . .	...	...	1,110,200	
(2) Held in rupees . . . . .	...	3,963,300	4,000,000	
(3) Due from treasury balances	97,700	333,600	...	
	<u>12,586,900</u>	<u>16,813,900</u>	<u>17,985,800</u>	
RECEIPTS IN INDIA.				
Profits on new coinage . . . . .	...	3,986,700	813,300	
Interest on temporary loan to the Government of India . . . . .	...	23,300	...	

No provision is made for the silver that will be purchased, or the rupees that will be coined from it, during 1907-1908.

258. The following is a summary of the figures relating to Council Bills and the sterling Debt of Government and of Railway Companies included in the estimates for 1906-1907 and 1907-1908 :—

	Budget, 1906-1907.	Revised, 1906-1907.	Budget, 1907-1908.	1906-1907 and 1907-1908. Summary of debt transactions and Capital Account of Rail- way Companies.
	£	£	£	
RECEIPTS.				
Council Bills	17,800,000	33,000,000	18,100,000	
Permanent Debt incurred (India Stock)	2,000,000	2,000,000	3,500,000	
Receipts on account of the Subscribed Capital of Rail- way Companies	3,618,300	100	3,560,100	
Receipts on account of the Debenture Capital of other Railway Companies (the East Indian and South Indian Railway Companies)	1,850,000	...	2,900,000	
OUTGOINGS.				
Permanent Debt discharged	749,900	749,900	500,000	
Discharge of Railway Com- panies' Debentures	2,718,300	302,800	2,385,100	

259. 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, represents 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 be given that this programme will be adhered to either in amount or in 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. The estimate of Council drawings is for the amount necessary to provide for the Secretary of State's requirements, but additional bills will as usual be sold if needed to meet the demands of trade.

FINANCIAL STATEMENT OF THE INDIA.

260. The following is a summary of the Estimates of Ways and Means in India during 1906-1907 and 1907-1908 :—

	BUDGET ESTIMATE, 1906-1907.		REVISED ESTIMATE, 1906-1907.		BUDGET ESTIMATE, 1907-1908.	
	Rupee figures.	Equivalent in £ at R 15=£1.	Rupee figures.	Equivalent in £ at R 15=£1.	Rupee figures.	Equivalent in £ at R 15=£1.
	R	£	R	£	R	£
RECEIPTS.						
1. Excess of Revenue over Expenditure charged to Revenue	29,40,81,000	19,605,400	29,83,72,000	19,891,500	27,83,68,000	18,557,900
* 2. Capital raised through Companies for outlay on State Railways (net)	2,77,50,000	1,850,000	...	...	3,97,50,000	2,650,000
3. Capital raised and deposited by Railway Companies	5,32,000	35,500	7,73,000	51,500	2,31,000	15,400
4. Unfunded Debt incurred, mostly Savings Bank deposits (net)	91,20,000	608,000	1,00,38,000	669,200	1,02,72,000	684,800
5. Appropriation for Reduction or Avoidance of Debt	1,98,000	13,200	49,73,000	331,500	70,61,000	470,700
6. Other Deposits and Remittances (net)	-1,44,13,000	-960,900	-1,46,98,000	-979,800	6,05,000	40,300
7. Capital of Local Boards (net)	24,000	1,600	24,000	1,600	25,000	1,700
8. Remittance account between England and India—						
(a) Silver remitted from England	1,50,00,000	1,000,000	19,06,92,000	12,712,800	25,50,000	170,000
(b) Remittances through the Currency Department (net)	-3,00,00,000	-2,000,000	2,62,50,000	1,750,000	...	...
(c) Transactions of Railway Companies (net) excluding debenture capital	3,30,90,000	2,206,000	3,23,70,000	2,158,000	3,89,38,000	2,595,900
TOTAL RECEIPTS EXCLUDING LOANS	33,53,82,000	22,358,800	54,87,94,000	36,586,300	37,78,00,000	25,186,700
DISBURSEMENTS.						
9. Capital Expenditure not charged to Revenue—						
(a) State Railways and Irrigation Works	7,86,18,000	5,241,200	9,13,65,000	6,091,000	6,58,77,000	4,391,800
(b) Outlay by Companies (net)	-20,70,000	-138,000	63,15,000	421,000	5,58,000	37,200
10. Permanent Debt discharged	12,91,000	86,100	12,71,000	84,700	12,77,000	85,100
11. Provincial and Local surpluses (—) or deficits (+)	1,61,64,000	1,077,600	-92,03,000	-613,500	66,49,000	443,300
12. Imperial and Provincial Loans (net)	68,51,000	456,700	93,77,000	625,200	12,03,000	80,300
13. Remittance account between England and India—						
(a) Capital raised by Railway Companies (net)	2,77,50,000	1,850,000	...	...	3,97,50,000	2,650,000
(b) Other transactions (net)	-3,65,000	-24,400	45,98,000	306,500	21,75,000	145,000
14. Council Bills †	26,70,57,000	17,803,800	50,00,13,000	33,334,200	27,15,59,000	18,103,900
TOTAL DISBURSEMENTS	39,52,95,000	26,353,000	60,37,36,000	40,249,100	38,90,48,000	25,936,600
NET DISBURSEMENTS	5,99,13,000	3,994,200	5,49,42,000	3,662,800	1,12,48,000	749,900
FINANCED AS FOLLOWS:						
Permanent Debt incurred	4,50,00,000	3,000,000	4,50,00,000	3,000,000	3,00,00,000	2,000,000
Reduction of + or addition to Treasury Balances	+ 1,49,13,000	+ 994,200	+ 99,42,000	+ 662,800	- 1,87,52,000	- 1,250,100
TOTAL	5,99,13,000	3,994,200	5,49,42,000	3,662,800	1,12,48,000	749,900
Opening Balance	19,95,00,000	13,299,970	17,67,32,000	11,781,500	16,67,80,000	11,118,700
Closing Balance	18,45,87,000	12,305,770	16,67,80,000	11,118,700	18,55,32,000	12,368,800

* The figures under heads 2 and 13 (a) balance each other.

† Head 11 represents expenditure defrayed by reduction of Provincial and Local balances.

‡ The figures shown under head 14 differ from those given in the Home Treasury Ways and Means statement, as Bills drawn by the Secretary of State towards the end of one year are paid in India in the next. The figures of the present statement represent payments in India.

1906-1907.
Main features of
Budget Estimate.

261. In the Budget Estimate of 1906-1907, the cash balance in Indian Treasuries on 1st April 1906 was taken at 19,95 lakhs. It was estimated (1) that the net Imperial revenue in India would amount to 29,41 lakhs, (2) that the net deposits in Savings Banks and Provident Institutions would increase during the year by

91 lakhs, (3) that 2 lakhs would be available from the Famine Insurance Grant for the avoidance of debt, (4) that 1,50 lakhs of silver bullion would be received from England, and (5) that the remittances of Railway Companies and other miscellaneous remittance and deposit transactions would result in net credits in India of 3,31 and 21 lakhs, respectively. On the other hand, provision was made (1) for a net expenditure from Provincial balances of 1,62 lakhs, (2) for capital expenditure in India on Railways and Canals to the extent of 7,65 lakhs, (3) for 13 lakhs for the payment of the annual instalment towards the liquidation of the Gwalior Loan of 1887 and for the discharge of outstanding balances of old loans, (4) for a net payment of 68 lakhs on account of loans to Native States, cultivators, municipalities and other local bodies, (5) for a payment of 4,57 lakhs to the Currency Department as the equivalent of an amount to be withdrawn by the Secretary of State from his currency chest in aid of his treasury balances, and (6) for the payment of Council Bills to the extent of 26,70 lakhs. The payments mentioned aggregate 41,35 lakhs, and as the receipts amount to 35,36 lakhs only, there was a deficiency of 5,99 lakhs. It was proposed to meet this deficiency by a rupee loan of 4,50 lakhs and by drawing on the cash balances to the extent of 1,49 lakhs.

262. The results according to the Revised Estimate show considerable variations from this forecast. The actual opening balance on 1st April 1906 fell short of the Estimate by 2,28 lakhs partly in consequence of larger payment of Council Bills and smaller receipts of silver from England towards the close of 1905-1906 than was allowed for in the Revised Estimates for that year, and partly as a result of the estimate of net receipts under deposit and miscellaneous remittance transactions having proved too sanguine. Council Bill payments are now expected to amount to 50 crores, or 23,30 lakhs more than the Budget Estimate. Capital expenditure in India on Railways and Irrigation works is expected to exceed the estimate by 2,11 lakhs owing to short expenditure in England on the purchase of stores. The payments on account of loans to cultivators, municipalities and other local bodies are expected to exceed the estimate by 25 lakhs, the net credits from remittances of Railway Companies are 7 lakhs less, while deposits and miscellaneous remittance transactions are expected to result in a net payment of 28 lakhs instead of a net receipt of 21 lakhs taken in the Budget Estimate. The deterioration from all these sources will amount to 28,50 lakhs. On the other hand, (1) the net Imperial revenue in India is now estimated at 29,84 lakhs, or 43 lakhs more than the Budget Estimate; (2) receipts from Savings Banks are 9 lakhs more; (3) Provincial balances will be increased by 92 lakhs instead of being drawn upon to the extent of 1,62 lakhs, thus yielding an improvement of 2,54 lakhs; (4) the amount available from the Famine Insurance Grant for the avoidance of debt will be 47 lakhs more; (5) the receipts of silver bullion from England will exceed the figure entered in the Budget Estimate by 17,57 lakhs; and (6) instead of a remittance of 4,57 lakhs from India to England through the Currency Department there will be a net remittance of 1,05 lakhs from England to India. The total improvements mentioned above amount to 26,72 lakhs and reduce the deterioration of 28,50 lakhs calculated above to one of 1,78 lakhs only; this accordingly is the amount by which the cash balance on 31st March 1907 is now expected to fall below the figure entered in the Budget Estimate for the current year.

263. As mentioned already, the demand for Council Bills in the current year has again been exceptionally heavy, and the payments on this account in 1906-1907 are expected to exceed the payments in 1905-1906, which were themselves unusually high, by over two crores. To meet the very heavy telegraphic transfers drawn by the Secretary of State during December and the following months, a temporary loan of 3,80 lakhs, carrying interest at $3\frac{1}{2}$ per cent, was taken from the silver branch of the Gold Standard Reserve; the whole loan will be repaid to the Reserve before 31st March 1907.

264. In accordance with the intention expressed in paragraph 252 of the last Financial Statement, a $3\frac{1}{2}$ per cent loan of $4\frac{1}{2}$ crores was announced in July last. Tenders were opened on the 31st July and the result of the loan was as follows:—

Total amount tendered.	Amount accepted.	Average rate of accepted tenders.	Minimum rate accepted.
R	R	R a. p.	R a. p.
10,66,54,200	4,50,00,000	97 5 6.74	97 3 0

1906-1907.
Main features of
Revised Estimate.

1906-1907.
Council Bills.

1906-1907.
Rupee Loan.

1907-1908.
Main features of
Budget Estimate.

265. In 1907-1908, the net Imperial revenue in India is estimated at 27,84 lakhs. Savings Banks deposits are expected to yield a net receipt of 1,03 lakhs; 71 lakhs will be available from the Famine Insurance Grant for the avoidance of debt; the remittance transactions of Railway Companies are likely to result in a net credit in India of 3,89 lakhs; and 25 lakhs worth of the silver bullion purchased in England this year will be added to the treasury balances in India. On the other hand, provision has been made (1) for expenditure of 66 lakhs from Provincial balances; (2) for capital expenditure of 6,64 lakhs in India on Railways and Canals; (3) for payments of 13, 12, and 13 lakhs respectively in connection with the discharge of permanent debt, loans to cultivators, Native States, municipalities and other local bodies, and miscellaneous deposit and remittance transactions; and (4) for payment of Council Bills to the extent of 27,16 lakhs. The payments mentioned aggregate 34,84 lakhs, and as the receipts come to 33,72 lakhs, the net disbursements amount to 1,12 lakhs. It is also considered necessary to increase the cash balances in India which have been seriously reduced in the current year.

1907-1908.
New Rupee Loan.

266. It is accordingly intended to raise a new rupee loan of 3 crores in 1907-1908. With a loan of this amount the year is expected to close with a cash balance of 18½ crores. The announcement now made regarding the rupee loan is in accordance with the present intention; but full liberty is reserved, as usual, to vary the programme now announced to any extent that may be considered desirable.

1906-1907 and
1907-1908.
Post Office Savings
Banks, etc.

267. The following table gives details of the transactions of Savings Banks and Provident Funds during a series of years, and the estimated transactions for 1906-1907 and 1907-1908:—

YEAR.	Net additions to deposits, cash.	Interest.	Total addition.
	R	R	R
1893-1894	17,99,000	36,80,000	54,79,000
1894-1895	—8,45,000	29,70,000	21,25,000
1895-1896	24,77,000	33,85,000	58,62,000
1896-1897	—58,11,000	34,66,000	—23,45,000
1897-1898	—65,71,000	32,70,000	—33,01,000
1898-1899	—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	31,04,000	36,87,000	67,91,000
1902-1903	52,40,000	39,00,000	91,40,000
1903-1904	66,99,000	42,15,000	1,09,14,000
1904-1905	78,94,000	45,87,000	1,24,81,000
1905-1906	31,49,000	46,80,000	78,29,000
1906-1907 (Budget)	32,77,000	49,62,000	82,39,000
1906-1907 (Revised)	40,97,000	52,10,000	93,07,000
1907-1908 (Budget)	40,16,000	53,93,000	94,09,000

A net deposit in the Post Office Savings Banks of 22½ lakhs apart from interest was assumed in the Budget Estimate of the current year. The transactions of the first ten months of the year have resulted in a net increase in the deposits of about 52 lakhs, but there is some indication that the withdrawals in the closing months of the year will be heavy and it is now estimated that, during the year 1906-1907 apart from interest, there will be a net increase of 28 lakhs only in the Post Office Savings Banks deposits and of 13 lakhs in those of the other institutions classed under this head.

In the Budget Estimate for 1907-1908, a total net deposit of 40 lakhs, apart from interest, is anticipated.

Section VIII.—Summary.

268. The principal features in this statement are the following :—

I.—The Accounts of 1905-1906 closed with a surplus of £2,091,854, being £336,154 more than the surplus expected in the Revised Estimates of that year.

II.—1906-1907—

(1) The Revised Estimates show a total revenue of £75,626,900, a total Expenditure charged to Revenue of £74,300,800 and a surplus of £1,326,100. This surplus is higher than that estimated in March last by £452,000.

(2) A reduction will be observed in the totals of both Revenue and Expenditure owing to an important change introduced this year in the manner of exhibiting the earnings and working expenses of State Railways. For the first time, the *net* receipts of Railways are shown under Revenue, the working expenses being deducted from the total earnings instead of being entered on the Expenditure side as hitherto.

(3) There has again been a large development of revenue under all the main heads except Salt, Customs and net receipts of Railways.

The average price obtained for Bengal opium was R1,391 per chest against R1,125 assumed in the Budget and the opium revenue has exceeded the Estimate by £776,600.

Land Revenue has yielded an increase of £135,300 and there are smaller increases under Stamps, Excise and Assessed Taxes.

Interest receipts show an improvement of £95,800 on account of the favourable rates obtained for temporary investment of a part of the cash balances in England; Mint receipts have improved by £213,800 due to heavy coinage of rupees; Exchange by £153,300 due to high rates obtained for Council Bills; Miscellaneous by £148,000 due chiefly to the recovery of two instalments of the Tibet indemnity; and Irrigation by £281,100 due to a great demand for water in the United Provinces and the Punjab.

The only important decreases have occurred under—

(a) Salt (£110,000), due to reduction in the duty which affects the last twelve days of the year and to the postponement of purchases by traders in anticipation of the reduction;

(b) Customs (£157,100), due to a diminution of the imports of spirits and cotton manufactures and of the exports of rice; and

(c) Net receipts of Railways (£46,100). Traffic receipts have expanded largely; but the improvement has not been sufficient to cover the additional expenditure required for much needed renewal of permanent way and rolling stock.

(4) The large allotments made for Police reform, development of education and the expansion of the Agricultural Department have not been fully utilised, and there are savings of £71,700, £106,000 and £79,900 under Police, Education and Scientific and other Minor Departments, respectively.

Local Governments have also been unable to employ their full allotments under some other administrative heads, the more important savings being £51,700 under Land Revenue, and £122,400 under Civil Works.

Owing to improved agricultural conditions Famine Relief Expenditure is £226,500 less than the Estimate. There is a saving

FINANCIAL STATEMENT OF THE

in Bombay of £196,200 and of smaller amounts in Rajputana, Madras and the Punjab; while there has been an outlay of £53,300, for which budget provision had not been made, in Bengal. The expenditure on the construction of Protective Irrigation Works is also £90,400 less, but as the total grant for Famine Relief and Insurance has been maintained at £1,000,000, the abovementioned savings have been charged under Reduction of Debt.

The allotment for Minor Irrigation Works has not been utilised in full and there is a saving of £107,200. Under Military Works the progress of special building operations in connection with the redistribution scheme has been slow; and a reconsideration of the armament required for port defences has delayed the utilization of the full grant for Special Defences. The savings under the two latter heads are £43,500 and £90,200.

Army expenditure is only £14,600 less than the estimate. Special expenditure is less by £177,300 while ordinary expenditure is more by £162,700, chiefly in consequence of high prices of food supplies, the concentration of troops at Agra and larger payments to the War Office.

High prices of food supplies have also increased the cost of dietary in Jails to the extent of £52,500, while charges under General Administration and Political have exceeded the estimates by £41,900 and £59,400, respectively, chiefly in consequence of the State visit to Agra and the Indian tour of His Majesty the Amir, who has not however drawn the arrears of his subsidy to the full extent of the Budget provision.

The charges under Stationery and Printing and Miscellaneous have exceeded the estimates by £63,600 and £54,800, respectively.

- (5) Special grants aggregating £271,100 have been made to the Governments of the United Provinces and Bombay to cover expenditure incurred by them in 1905-1906 and 1906-1907 for famine relief. The Provincial settlement with Eastern Bengal and Assam has been modified and the fixed assignment increased by £45,500. An initial grant of £333,300 has been given to Burma to start the new settlement with that province which comes into effect next year.
- (6) A $3\frac{1}{2}$ per cent loan of four and a half crores of rupees was raised; India 3 per cent stock was issued in England for £2,000,000; and part of the latter loan was employed in discharging Bombay, Baroda and Central India Railway debentures for £749,900.
- (7) Owing to stringency in the London money market no fresh capital was raised by any of the Railway Companies, although the Budget Estimate had provided that they would raise new capital amounting to £2,750,000 for capital outlay. Debentures for £302,800 were discharged from funds supplied by the Secretary of State.
- (8) The drawings of Council Bills in 1906-1907 are expected to amount to £33,000,000 as compared with £17,800,000 entered in the Budget. From the proceeds of the additional Council Bills sold during the year, silver to the value of £11,817,500 has been purchased and sent to India for coinage and £3,500,000 is being remitted to India through the Currency Department.
- (9) The Gold Standard Reserve on 31st March 1907 stands at £16,813,900.

III.—1907-1908—

- (1) The Budget Estimates of 1907-1908 show a total revenue of £75,012,800, a total expenditure charged to revenue of £74,238,100 and a surplus of £774,700.
- (2) This surplus is obtained after providing for the following two important measures of fiscal relief and administrative improvement—
 - (a) Reduction of the salt duty to R1 a maund throughout the whole of India involving a sacrifice of revenue of £1,266,700.

- (b) Reduction in postal charges to take effect from 1st October next. The letter weight by inland post carried for half an anna will be raised from $\frac{3}{4}$ tola to 1 tola and that carried for one anna from $1\frac{1}{2}$ tolas to 3 tolas. For foreign post, the letter weight carried within the Empire for one anna will be one ounce instead of half an ounce and for places outside the Empire, one ounce will be carried for $2\frac{1}{2}$ annas and an additional $1\frac{1}{2}$ annas will cover each ounce after the first. These reductions are estimated to cost £73,300 in the last six months of the year.

The total cost of these measures next year is thus estimated at £1,340,000. Under existing conditions the surplus would therefore have been £2,114,700.

- (3) Compared with the Revised Estimates of the current year, Salt and Opium show decreases of £1,000,000 and £756,600. The quantity of Bengal opium to be sold has been taken at 4,400 chests in each of the first three months of the year and at 4,000 chests in each of the last nine months. The price has been taken at R1,250 per chest against an average of R1,391 obtained in the current year.

Other important variations in revenue are increases of £407,700 under Land Revenue including the portion due to Irrigation, £145,600 under Stamps, £301,000 under Excise, £288,400 under Customs, and £346,400 under Railway revenue.

There are decreases of £170,400 under Mint, the silver coinage of the current year having been unusually high; £127,700 under Major Works—Direct Receipts, and £60,000 under Exchange, the revenue of the current year under both heads being abnormally high; and £96,200 under Miscellaneous, the estimate under which for next year includes only the last instalment of the Tibet indemnity against two instalments realized in the current year.

The total Military Expenditure including Army, Military Works, Marine and Special Defences is £457,400 less. The special expenditure connected with the reorganisation and redistribution of the Army is to be spread over a longer period and the annual grant for it has been reduced from £2,166,600 to £1,666,600. The amount regranted next year for lapses on the current year's Budget is £316,700 including a special sum of £50,000 given for a new marine survey steamer, against £600,000 regranted in the current year's Budget out of lapses of the last year.

The only other appreciable decrease in expenditure is £112,000 under Opium due to smaller payments to cultivators in consequence of the unfavourable prospects of the 1906-1907 crop and the restriction of cultivation next year.

Civil Administration heads show a general increase, except Political under which there is a decrease of £78,500, due to the absence of the special charges connected with the Indian tour of His Majesty the Amir, counterbalanced by a larger provision on account of the arrears of his subsidy. The most important increases in this group are under Police £269,800, due to provision for further reforms; Education £219,400; Scientific and other Minor Departments £118,600; and General Administration £75,800.

The other important increases in expenditure are £151,100 under Land Revenue; £89,800 under Forests, which is nearly covered by increased receipts; £90,500 under Post Office which also would have been covered by increased receipts, but for the reduction in the rates; £70,000 under Civil Furlough and Absentee Allowances due to the payment in England of privilege leave allowances to officers on combined leave, which would otherwise have been charged to the respective departments; £92,500 under Interest on capital deposited by Companies.

FINANCIAL STATEMENT OF THE

being interest on the additional capital proposed to be raised by Railway Companies; £96,700 under Minor Irrigation Works, due to extension of programme in accordance with the recommendations of the Irrigation Commission; and Civil Works, £301,000 due to the good financial position of Local Governments and District Boards which has enabled them to enlarge their programme of expenditure under this head.

- (4) A quasi-permanent settlement has been made with Burma. That province will get a half share of the principal revenue heads except Registration which will be wholly Provincial; while salt revenue, of which it hitherto received a half share, will be wholly Imperial, and Political Expenditure, which was hitherto Imperial, will be Provincial in future. The Provincial Government also receives in the current year a lump assignment of £333,300 to start the new settlement under favourable conditions.
- (5) An important change takes effect next year in regard to the allocation of Famine Relief Expenditure between the Imperial and Provincial Governments. In future, annual assignments aggregating £250,000 will be made to Local Governments to enable them to build up a reserve of credit with the Government of India for meeting Famine Relief Expenditure. Burma and Eastern Bengal and Assam, however, will not participate in these special arrangements as they are subject to famine only to a limited extent.
- A further assignment of £203,300 will be made to Local Governments next year for carrying out Police reforms. The total amount allotted between 1905-1906 and 1907-1908 amounts to £703,300 a year.
- (6) Subject to the usual reservation, loans of £3½ millions in England and of 3 crores in India are announced. The loans are required for Capital Expenditure on Railways and Irrigation. Bombay, Baroda and Central India Railway debentures for £500,000 will also be discharged out of the sterling loan.
- (7) Subject to the usual reservations, provision is also made for the raising of Capital through Railway Companies as follows: namely for outlay on Companies' Railways £1,190,400, and for Expenditure on purchased Railways £2,650,000.
- (8) Drawings of Council Bills are entered at £18,100,000.

IV.—Capital Expenditure—

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

	Accounts, 1905-1906.	Revised Estimate, 1906-1907.	Budget Estimate, 1907-1908.
RAILWAYS.	R	R	R
Included in the Government			
Capital programme	13,49,91,440	14,61,16,000	13,50,00,000
Famine Protective lines	8,29,170	79,000	35,000
Branch lines not on firm guarantee	6,94,036	8,52,000	2,09,000
Provincial and Local State lines	1,07,933	55,000	31,000
TOTAL RAILWAYS	13,66,22,579	14,71,02,000	13,52,75,000
IRRIGATION WORKS	83,42,910	1,23,46,000	1,25,00,000
Total Railways and Irrigation Works	14,49,65,489	15,94,48,000	14,77,75,000
Converted into sterling at R15=£1	9,664,366	10,629,900	9,851,700

J. S. MESTON.

March 20, 1907.

APPENDIX I.

ACCOUNTS AND ESTIMATES

Accounts	1905-1906
Revised Estimates :	1906-1907
Budget Estimates	1907-1908

CONTENTS.

	PAGES
I.—GENERAL STATEMENT of the REVENUE, and EXPENDITURE charged to REVENUE, of the GOVERNMENT of INDIA, in INDIA and in ENGLAND	78—79
II.—GENERAL STATEMENT of the RECEIPTS and DISBURSEMENTS of the GOVERNMENT of INDIA, in INDIA and in ENGLAND	80—81
A.—STATEMENT of the REVENUE of INDIA, in INDIA and in ENGLAND	82—83
B.—STATEMENT of the EXPENDITURE charged to the REVENUES of INDIA, in INDIA and in ENGLAND	84—87
C.—STATEMENT of RECEIPTS and DISBURSEMENTS of the GOVERNMENT of INDIA, in INDIA and in ENGLAND	88—91
D.—ACCOUNT of PROVINCIAL and LOCAL SAVINGS charged to REVENUE, and held at the disposal of PROVINCIAL GOVERNMENTS under their PROVINCIAL SETTLEMENTS	92
E.—ABSTRACT STATEMENT of the RECEIPTS and DISBURSEMENTS of the GOVERNMENT OF INDIA, in INDIA and in ENGLAND	93

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

	For details, vide Statement.	Accounts, 1905-1906.	Budget Estimate, 1906-1907.	Revised Estimate, 1906-1907.	Budget Estimate, 1907-1908.
Revenue—					
Principal Heads of Revenue—					
		£	£	£	£
Land Revenue	A	18,862,169	19,764,200	19,899,500	20,272,400
Opium	"	5,468,780	4,831,100	5,607,700	4,851,100
Salt	"	4,376,410	4,400,000	4,290,000	3,290,000
Stamps	"	3,926,364	3,970,700	4,022,000	4,167,600
Excise	"	5,687,820	5,817,300	5,906,700	6,207,700
Customs	"	4,348,017	4,464,200	4,307,100	4,595,500
Other Heads	"	6,858,399	6,358,200	6,501,100	6,643,600
TOTAL PRINCIPAL HEADS . . . . .	...	49,527,959	49,605,700	50,534,100	50,027,900
Interest	A	944,986	853,000	948,800	962,100
Post Office	"	1,651,477	1,727,100	1,765,400	1,795,700
Telegraph	"	909,854	938,100	952,500	991,900
Mint	"	321,183	201,900	415,700	245,300
Receipts by Civil Departments	"	1,550,599	1,533,900	1,523,400	1,481,900
Miscellaneous	"	764,403	650,700	957,400	799,400
Railways : Net Receipts	"	12,924,420	13,370,600	13,324,500	13,670,900
Irrigation	"	3,006,663	3,250,000	3,531,100	3,425,300
Other Public Works	"	536,717	515,600	558,700	548,600
Receipts by Military Department	"	1,189,696	1,064,500	1,115,300	1,063,800
TOTAL REVENUE . . . . .	...	73,327,957	73,711,100	75,626,900	75,012,800

L. E. PRITCHARD,
Deputy Comptroller General.

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

	For details, vide Statement.	Accounts, 1905-1906.	Budget Estimate, 1906-1907.	Revised Estimate, 1906-1907.	Budget Estimate, 1907-1908.
Expenditure—		£	£	£	£
Direct Demands on the Revenues	B	8,779,439	9,057,200	9,027,700	9,201,700
Interest	"	1,409,935	1,278,800	1,335,600	1,062,900
Post Office	"	1,575,936	1,600,900	1,599,300	1,689,800
Telegraph	"	1,076,489	1,155,000	1,135,200	1,080,100
Mint	"	120,079	139,300	161,100	150,800
Salaries and Expenses of Civil Departments	"	13,258,489	14,283,300	14,215,900	14,778,000
Miscellaneous Civil Charges	"	4,318,113	4,323,500	4,441,900	4,513,500
Famine Relief and Insurance	"	1,000,000	1,000,000	1,000,000	1,000,000
Railways : Interest and Miscellaneous Charges	"	10,922,454	11,141,300	11,166,700	11,521,200
Irrigation	"	2,880,432	2,992,900	2,933,400	3,057,100
Other Public Works	"	6,457,307	6,864,200	6,697,100	7,129,700
Army Services	"	19,267,130	19,846,700	19,832,100	19,350,900
Special Defences (1902)	"	146,306	231,500	141,300	145,700
TOTAL EXPENDITURE, IMPERIAL AND PROVINCIAL . . . . .	...	71,212,109	73,914,600	73,687,300	74,681,400
<i>Add—</i> Provincial Surpluses : that is, portion of Allotments to Provincial Governments not spent by them in the year.	End of B	557,461	30,200	786,800	69,500
<i>Deduct—</i> Provincial Deficits : that is, portion of Provincial Expenditure defrayed from Provincial Balances.	"	533,467	1,107,800	173,300	512,800
TOTAL EXPENDITURE CHARGED TO REVENUE . . . . .	...	71,236,103	72,837,000	74,300,800	74,238,100
SURPLUS . . . . .	...	2,091,854	874,100	1,326,100	774,700
TOTAL . . . . .	...	73,327,957	73,711,100	75,626,900	75,012,800

O. T. BARROW,
Comptroller General.

J. S. MESTON,
Secretary to the Government of India.

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

	For details, vide Statement.	RECEIPTS.			
		Accounts, 1905-1906.	Budget Estimate, 1906-1907.	Revised Estimate, 1906-1907.	Budget Estimate, 1907-1908.
		£	£	£	£
Surplus	C	2,091,854	874,100	1,326,100	774,700
Railway and Irrigation Capital not charged to Revenue—					
Capital raised through Companies towards Outlay on State Railways (net)	C	1,487,995	1,850,000	...	2,650,000
Capital raised and deposited by Railway Companies (net)	"	...	935,500	...	1,190,400
Debt, Deposits, and Advances—					
Permanent Debt (net Incurred)	C	16,752,546	4,164,000	4,165,400	4,914,900
Unfunded Debt (net Incurred)	"	572,334	608,000	669,200	684,800
Deposits and Advances (net)	"	742,807	...	702,800	16,400
Loans and Advances by Imperial Government (net Repayments)	"	1,065,079	56,200	...	61,600
Capital Account of Local Boards	"	1,526	1,600	1,600	1,700
Remittances (net)	"	623,474	...	177,000	98,700
Secretary of State's Bills drawn	"	26,290,640	17,800,000	33,000,000	18,100,000
TOTAL RECEIPTS . . . . .	...	49,628,255	26,289,400	40,042,100	28,493,200
Opening Balance—India . . . . .	...	10,749,770	13,299,970	11,781,457	11,118,657
England . . . . .	...	10,262,581	8,144,581	8,436,519	4,313,819
TOTAL . . . . .	...	70,640,606	47,733,951	60,260,076	43,925,676

Government of India, in India and in England.

	For details, vide Statement.	DISBURSEMENTS.			
		Accounts, 1905-1906.	Budget Estimate, 1906-1907.	Revised Estimate, 1906-1907.	Budget Estimate, 1907-1908.
		₹	₹	₹	₹
Railway and Irrigation Capital not charged to Revenue—					
Outlay on Irrigation Works	C	556,194	833,300	823,100	833,300
Outlay on State Railways	"	9,410,199	7,997,900	7,934,000	7,215,100
Outlay of Railway Companies (net)	"	—362,528	2,032,900	1,859,900	1,825,600
Capital raised and deposited by Railway Companies— (Net payments for discharge of debentures)	"	35,674	...	251,200	...
Capital involved in Redemption of Railway Liabilities	"	12,980,960	...	...	...
TOTAL CAPITAL ACCOUNT DISBURSEMENTS . . . . .	...	22,620,499	10,864,100	10,868,200	9,874,000
Debt, Deposits, and Advances—					
Temporary Debt (net Discharged)	C	500,000	...	...	...
Deposits and Advances (net)	"	...	970,300	...	...
Loans and Advances by Imperial Government (net Advances)	"	...	...	24,600	...
Loans and Advances by Provincial Governments (net Advances)	"	292,401	512,900	600,600	141,900
Remittances (net)	"	...	58,100	...	...
Secretary of State's Bills paid	"	27,009,730	17,803,800	33,334,200	18,103,900
TOTAL DISBURSEMENTS . . . . .	...	50,422,630	30,209,200	44,827,600	28,119,800
Closing Balance—India . . . . .	...	11,781,457	12,305,770	11,118,657	12,368,757
England . . . . .	...	8,436,519	5,218,981	4,313,819	3,437,119
TOTAL . . . . .	...	70,640,606	47,733,951	60,260,076	43,925,676

O. T. BARROW,
Comptroller General.

J. S. MESTON,
Secretary to the Government of India.

A.—Statement of the Revenue of

HEADS OF REVENUE.	ACCOUNTS, 1905-1906.					REVISED	
	INDIA. (RUPEE FIGURES.)		Total India (converted into £ at R.15 = £1).	England.	TOTAL.	INDIA. (RUPEE FIGURES.)	
	Imperial.	Provincial and Local.				Imperial.	Provincial and Local.
Principal Heads of Revenue—	<i>R</i>	<i>R</i>	<i>£</i>	<i>£</i>	<i>£</i>	<i>R</i>	<i>R</i>
I.—Land Revenue	12,25,23,663	16,04,08,883	18,862,169	...	18,862,169	11,57,07,000	18,27,86,000
II.—Opium	8,20,31,694	...	5,468,780	...	5,468,780	8,41,15,000	...
III.—Salt	6,47,72,232	8,73,911	4,376,410	...	4,376,410	6,35,15,000	8,35,000
IV.—Stamps	2,89,54,565	2,99,40,892	3,926,364	...	3,926,364	2,95,53,000	3,07,77,000
V.—Excise	5,58,00,223	2,95,17,086	5,687,820	...	5,687,820	5,37,70,000	3,48,31,000
VI.—Provincial Rates	5,457	4,19,65,299	2,798,051	...	2,798,051	18,000	3,43,31,000
VII.—Customs	6,51,33,817	£6,447	4,348,017	...	4,348,017	6,45,20,000	86,000
VIII.—Assessed Taxes	1,37,64,465	60,56,434	1,321,593	...	1,321,593	1,30,33,000	81,31,000
IX.—Forest	1,58,83,592	1,07,91,001	1,778,306	1,260	1,779,566	1,55,24,000	1,14,82,000
X.—Registration	7,43,019	46,86,357	361,959	...	361,959	5,33,000	52,20,000
XI.—Tributes from Native States	89,61,451	...	597,430	...	597,430	92,11,000	...
TOTAL	45,85,74,178	28,43,26,310	49,526,699	1,260	49,527,959	44,94,99,000	30,84,79,000
XII.—Interest	86,50,563	19,56,078	707,109	237,877	944,986	80,73,000	24,53,000
XIII.—Post Office	2,47,39,623	32,544	1,651,477	...	1,651,477	2,64,81,000	...
XIV.—Telegraph	1,35,40,107	...	902,674	7,180	909,854	1,41,58,000	...
XV.—Mint	48,17,052	...	321,137	46	321,183	62,36,000	...
Receipts by Civil Departments—							
XVI.—Law and Justice { Courts	4,96,453	36,69,760	277,747	...	277,747	3,66,000	37,83,000
{ Jails	3,45,478	34,52,954	253,230	...	253,230	3,26,000	35,03,000
XVII.—Police	2,07,718	46,62,633	324,690	...	324,690	1,25,000	46,25,000
XVIII.—Marine	19,67,672	21,78,775	276,430	10,884	287,314	19,16,000	21,78,000
XIX.—Education	65,299	31,14,266	211,971	...	211,971	27,000	32,78,000
XX.—Medical	5,490	14,08,329	94,254	1,156	95,410	7,000	11,96,000
XXI.—Scientific and other Minor Departments	1,75,533	13,22,741	99,885	352	100,237	1,54,000	13,42,000
TOTAL	32,63,643	1,08,09,458	1,538,207	12,392	1,550,599	29,21,000	1,99,05,000
Miscellaneous—							
XXII.—Receipts in aid of Superannuation, etc.	13,38,583	5,13,315	123,460	70,893	194,353	13,81,000	5,05,000
XXIII.—Stationery and Printing	4,14,893	6,85,806	73,380	...	73,380	4,96,000	6,61,000
XXIV.—Exchange	12,43,057	...	82,870	...	82,870	29,00,000	...
XXV.—Miscellaneous	11,92,432	41,66,738	357,278	56,522	413,800	31,13,000	40,17,000
TOTAL	41,88,965	53,65,859	636,988	127,415	764,403	78,90,000	51,83,000
Railways—							
XXVI.—State Railways (Gross Receipts)	35,37,54,409	6,85,308	23,629,315	230	23,629,545	38,93,76,000	6,90,000
Deduct:—Working Expenses	16,91,05,760	4,10,703	11,301,098	...	11,301,098	19,09,89,000	4,40,000
Surplus profits paid to Companies, etc.	55,29,456	...	368,630	...	368,630	58,93,000	...
Net Receipts	17,91,1,153	2,74,605	11,959,587	230	11,959,817	19,24,94,000	2,50,000
XXVII.—Guaranteed Companies (Net Traffic Receipts)	1,38,29,631	...	921,975	...	921,975	62,37,000	...
XXVIII.—Subsidised Companies (Government share of surplus profits and Repayment of Advances of Interest)	3,71,618	...	24,775	17,853	42,628	4,29,000	...
TOTAL	19,33,20,442	2,74,605	12,906,337	18,083	12,924,420	19,91,60,000	2,50,000
Irrigation—							
XXIX.—Major Works: Direct Receipts	1,21,93,826	1,53,43,506	1,869,156	...	1,869,156	1,43,69,000	2,08,34,000
Portion of Land Revenue due to Irrigation	1,45,31,687	...	968,779	...	968,779	1,49,54,000	...
XXX.—Minor Works and Navigation	9,52,155	15,78,768	168,728	...	168,728	11,66,000	16,44,000
TOTAL	2,76,77,668	1,74,22,274	3,006,663	...	3,006,663	3,04,89,000	2,24,78,000
Other Public Works—							
XXXI.—Military Works	7,39,582	...	49,306	...	49,306	7,50,000	...
XXXII.—Civil Works	3,91,942	66,29,158	468,073	19,338	487,411	3,93,000	70,87,000
TOTAL	11,31,524	66,29,158	517,379	19,338	536,717	11,43,000	70,87,000
Receipts by Military Department—							
XXXIII.—Army: Effective	85,23,539	...	568,236	490,432	1,058,668	96,85,000	...
Non-Effective	14,07,285	...	93,819	37,209	131,028	13,70,000	...
TOTAL	99,30,824	...	662,055	527,641	1,189,696	1,10,55,000	...
TOTAL REVENUE	74,98,34,589	16,286	72,376,725	951,232	73,327,957	75,71,05,000	36,58,35,000

India, in India and in England.

ESTIMATE, 1906-1907.			Increase + Decrease— as Compared with Budget Estimate, 1906-1907.	BUDGET ESTIMATE, 1907-1908.					Increase + Decrease— of Budget, 1907-1908, as compared with Budget Estimate, 1906-1907.	Increase + Decrease— of Budget, 1907-1908, as compared with Revised Estimate, 1906-1907.
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	£	£	£	£	
19,899,500	...	19,899,500	+ 135,300	12,31,14,000	18,09,72,000	20,272,400	...	20,272,400	+ 508,200	+ 372,900
5,607,700	...	5,607,700	+ 776,600	7,27,66,000	...	4,851,100	...	4,851,100	+ 20,000	- 756,600
4,290,000	...	4,290,000	- 110,000	4,93,50,000	...	3,290,000	...	3,290,000	- 1,110,000	- 1,000,000
4,022,000	...	4,022,000	+ 51,300	3,16,64,000	3,08,50,000	4,167,600	...	4,167,600	+ 196,900	+ 145,600
5,906,700	...	5,906,700	+ 89,400	5,51,36,000	3,79,80,000	6,207,700	...	6,207,700	+ 390,400	+ 301,000
2,289,900	...	2,289,900	+ 28,600	3,000	3,49,67,000	2,331,300	...	2,331,300	+ 70,000	+ 41,400
4,307,100	...	4,307,100	- 157,100	6,89,33,000	...	4,595,500	...	4,595,500	+ 131,300	+ 288,400
1,410,900	...	1,410,900	+ 67,700	1,32,36,000	82,57,000	1,432,900	...	1,432,900	+ 89,700	+ 22,000
1,800,400	2,200	1,802,600	+ 12,700	1,62,49,000	1,20,86,000	1,889,000	800	1,889,800	+ 99,900	+ 87,200
383,600	...	383,600	+ 28,900	4,36,000	54,30,000	391,100	...	391,100	+ 36,400	+ 7,500
614,100	...	614,100	+ 5,000	89,78,000	...	598,500	...	598,500	- 10,600	- 15,600
50,531,900	2,200	50,534,100	+ 928,400	43,98,65,000	31,05,42,000	50,027,100	800	50,027,900	+ 422,200	- 506,200
701,700	247,100	948,800	+ 95,800	98,09,000	29,82,000	852,700	109,400	962,100	+ 109,100	+ 13,300
1,765,400	...	1,765,400	+ 38,300	2,69,36,000	...	1,795,700	...	1,795,700	+ 68,600	+ 30,300
943,900	8,600	952,500	+ 14,400	1,47,59,000	...	983,900	8,000	991,900	+ 53,800	+ 39,400
415,700	...	415,700	+ 213,800	36,79,000	...	245,300	...	245,300	+ 43,400	- 170,400
276,600	...	276,600	+ 10,100	3,04,000	38,24,000	275,200	...	275,200	+ 8,700	- 1,400
255,300	...	255,300	- 6,000	3,17,000	36,56,000	264,900	...	264,900	+ 3,600	+ 9,600
316,700	...	316,700	+ 6,400	1,21,000	46,43,000	317,600	...	317,600	+ 7,300	+ 900
272,900	...	272,900	- 25,300	10,26,000	22,58,000	218,900	...	218,900	- 79,300	- 54,000
220,300	...	220,300	+ 400	27,000	33,27,000	223,600	...	223,600	+ 3,700	+ 3,300
80,200	1,000	81,200	- 900	5,000	12,40,000	83,000	900	83,900	+ 1,800	+ 2,700
99,800	600	100,400	+ 4,800	1,30,000	13,28,000	97,200	600	97,800	+ 2,200	- 2,600
1,521,800	1,600	1,523,400	- 10,500	19,30,000	2,02,76,000	1,480,400	1,500	1,481,900	- 52,000	- 41,500
125,800	67,800	193,600	+ 200	14,06,000	5,01,000	127,100	66,500	193,600	+ 200	...
77,100	...	77,100	+ 5,200	4,64,000	0,65,000	75,300	...	75,300	+ 3,400	- 1,800
193,300	...	193,300	+ 153,300	20,00,000	...	133,300	...	133,300	+ 93,300	- 60,000
475,300	18,100	493,400	+ 148,000	17,46,000	40,82,000	388,500	8,700	397,200	+ 51,800	- 96,200
871,500	85,900	957,400	+ 306,700	56,16,000	52,48,000	724,200	75,200	799,400	+ 148,700	- 158,000
26,004,400	200	26,004,600	+ 322,700	40,11,50,000	7,10,000	26,790,700	200	26,790,900	+ 1,109,000	+ 786,300
12,761,900	...	12,761,900	- 373,800	19,73,81,000	4,60,000	13,189,400	...	13,189,400	- 801,300	- 427,500
392,900	...	392,900	+ 3,000	60,14,000	...	400,900	...	400,900	- 5,000	- 8,000
12,849,600	200	12,849,800	- 48,100	19,77,55,000	2,50,000	13,200,100	200	13,200,600	+ 302,700	+ 350,800
415,800	...	415,800	- 1,900	61,50,000	...	410,000	...	410,000	- 7,700	+ 5,800
28,600	30,300	58,900	+ 3,900	3,87,000	...	25,800	34,500	60,300	+ 5,300	+ 1,400
13,294,000	30,500	13,324,500	- 46,100	20,42,92,000	2,50,000	13,636,200	34,700	13,670,900	+ 300,300	+ 346,400
2,346,900	...	2,346,900	+ 226,100	1,40,05,000	1,92,83,000	2,219,200	...	2,219,200	+ 98,400	- 127,700
996,900	...	996,900	+ 44,800	1,54,76,000	...	1,031,700	...	1,031,700	+ 79,600	+ 34,800
187,300	...	187,300	+ 10,200	10,32,000	15,83,000	174,400	...	174,400	- 2,700	- 12,900
3,531,100	...	3,531,100	+ 281,100	3,05,13,000	2,08,66,000	3,425,300	...	3,425,300	+ 175,300	- 105,800
50,000	...	50,000	+ 2,700	7,32,000	...	48,800	...	48,800	+ 1,500	- 1,200
498,700	10,000	508,700	+ 40,400	3,50,000	71,47,000	499,800	...	499,800	+ 31,500	- 8,900
548,700	10,000	558,700	+ 43,100	10,82,000	71,47,000	548,600	...	548,600	+ 33,000	- 10,100
645,700	348,800	994,500	+ 52,300	87,54,000	...	583,600	360,100	943,700	+ 1,500	- 50,800
91,300	29,500	120,800	- 1,500	13,51,000	...	90,100	30,000	120,100	- 2,200	- 700
737,000	378,300	1,115,300	+ 50,800	1,01,05,000	...	673,700	390,100	1,063,800	- 700	- 51,500
74,862,700	764,200	75,626,900	+ 1,915,800	74,85,86,000	36,73,11,000	74,393,100	619,700	75,012,800	+ 1,301,700	- 614,100

B.—Statement of the Expenditure charged to the

HEADS OF EXPENDITURE.	ACCOUNTS, 1905-1906.					REVISED	
	INDIA. (RUPEE FIGURES.)		Total India (converted into £ at R15=£1).	England.	TOTAL.	INDIA. (RUPEE FIGURES.)	
	Imperial.	Provincial and Local.				Imperial.	Provincial and Local.
Direct Demands on the Revenues—							
1.—Refunds and Drawbacks	25,30,936	9,24,682	230,375	...	230,375	27,49,000	9,00,000
2.—Assignments and Compensations	87,09,455	90,88,654	1,186,540	...	1,186,540	85,80,000	91,66,000
Charges in respect of Collection, vis.—							
3.—Land Revenue	71,39,281	4,28,72,200	3,334,099	1,811	3,335,910	71,68,000	4,41,38,000
4.—Opium (including cost of Production)	2,83,60,201	...	1,890,680	1,761	1,892,441	2,87,28,000	...
5.—Salt (including cost of Production)	54,27,643	13,985	362,775	391	363,166	54,06,000	15,000
6.—Stamps	2,92,924	10,02,500	86,362	41,802	128,164	2,49,000	10,48,000
7.—Excise	25,25,813	13,45,911	258,115	1	258,116	25,66,000	15,37,000
8.—Provincial Rates . . . . .	...	5,58,168	37,211	...	37,211	...	5,01,000
9.—Customs	23,29,775	4,00,547	182,021	438	182,459	25,47,000	4,12,000
10.—Assessed Taxes	2,24,685	1,14,697	22,626	...	22,626	1,90,000	1,70,000
11.—Forest	87,34,182	55,24,339	950,568	4,250	954,818	86,36,000	59,42,000
12.—Registration	3,29,287	24,84,911	187,613	...	187,613	2,40,000	27,24,000
TOTAL	6,66,04,182	6,43,30,594	8,728,985	50,454	8,779,439	6,71,59,000	6,65,53,000
Interest—							
13.—Interest on Debt	3,38,88,387	1,00,77,870	2,931,084	4,418,371	7,349,455	3,54,32,000	1,04,08,000
Deduct—Amounts chargeable to Railways†	5,87,24,879	48,279	3,918,211	1,435,001	5,353,212	6,31,26,000	47,000
" Amounts chargeable to Irrigation	73,17,552	83,04,290	1,041,456	...	1,041,456	77,30,000	84,39,000
Remainder chargeable on Ordinary Debt	—3,21,54,044	17,25,301	—2,028,583	2,983,370	954,787	—3,54,24,000	19,82,000
14.—Interest on other obligations	68,05,377	21,845	455,148	...	455,148	74,02,000	27,000
TOTAL	—2,53,48,667	17,47,146	—1,573,435	2,983,370	1,409,935	—2,80,22,000	20,09,000
15.—Post Office	2,08,18,408	10,00,616	1,454,602	121,334	1,575,936	2,30,47,000	...
16.—Telegraph	1,13,83,141	...	758,876	317,613	1,076,489	1,21,20,000	...
17.—Mint	16,29,649	...	108,643	11,436	120,079	19,40,000	...
Salaries and Expenses of Civil Departments							
18.—General Administration	82,21,574	1,13,27,056	1,303,242	290,342	1,593,584	84,01,000	1,13,17,000
19.—Law and Justice { Courts	12,22,084	3,49,21,993	2,409,604	150	2,409,754	9,76,000	3,70,83,000
Jails	20,72,144	98,28,802	793,397	2	793,399	19,81,000	1,05,65,000
20.—Police	24,75,037	4,79,62,113	3,362,477	1,109	3,363,586	22,25,000	5,31,00,000
21.—Marine (including River Navigation)	40,35,860	24,13,359	429,948	250,099	680,047	40,55,000	25,16,000
22.—Education	5,72,467	2,39,14,463	1,632,462	5,646	1,638,108	3,53,000	2,66,56,000
23.—Ecclesiastical	18,16,331	...	121,089	282	121,371	18,53,000	...
24.—Medical	7,10,444	1,49,74,208	1,045,643	10,865	1,056,508	6,72,000	1,58,42,000
25.—Political	1,34,52,263	6,16,332	937,906	5,534	943,440	1,44,11,000	7,23,000
26.—Scientific and other Minor Departments	46,49,220	45,54,346	613,571	45,121	658,692	51,62,000	47,92,000
TOTAL	3,92,27,424	15,05,12,662	12,649,339	609,150	13,258,489	4,00,89,000	16,25,94,000
Miscellaneous Civil Charges—							
27.—Territorial and Political Pensions	35,33,235	...	235,549	11,117	246,666	34,89,000	...
28.—Civil Furlough and Absentee Allowance	3,196	...	213	234,473	234,686	4,000	...
29.—Superannuation Allowances and Pensions	12,78,289	1,25,70,474	923,251	2,019,297	2,942,548	11,39,000	1,32,28,000
30.—Stationery and Printing	10,72,631	59,43,439	467,742	89,771	557,513	19,84,000	61,50,000
32.—Miscellaneous	17,45,515	29,77,304	314,854	21,846	336,700	13,73,000	27,71,000
TOTAL	76,32,916	2,14,91,217	1,941,609	2,376,504	4,318,113	79,94,000	2,21,49,000
Famine Relief and Insurance—							
33.—Famine Relief	7,74,005	12,64,304	135,887	...	135,887	7,75,000	39,14,000
34.—Construction of Protective Railways	7,00,456	...	46,697	8,581	55,278	79,000	...
35.—Construction of Protective Irrigation Works	43,92,058	...	292,804	3,769	296,573	51,52,000	...
36.—Reduction or Avoidance of Debt	76,83,928	...	512,262	...	512,262	49,73,000	...
TOTAL	1,35,50,447	12,64,304	987,650	12,350	1,000,000	1,09,79,000	39,14,000
Carried over	13,54,97,500	24,03,46,539	25,056,269	6,482,211	31,538,480	13,53,06,000	25,72,19,000

	ACCOUNTS, 1905-1906.				REVISED ESTIMATE, 1905-1907.			
	INDIA.		England.	TOTAL.	INDIA.		England.	TOTAL.
	Amount in Rupees.	Equivalent in £ at R15=£1.			Amount in Rupees.	Equivalent in £ at R15=£1.		
† Included under the following heads:—								
State Railways Interest on Debt	5,52,84,473	3,685,632	1,169,282	4,854,914	5,94,60,000	3,964,000	1,536,100	5,500,100
Ditto Interest chargeable against Companies on Advances	34,83,685	232,579	265,719	498,298	37,13,000	247,500	264,600	512,100
TOTAL	5,87,73,158	3,918,211	1,435,001	5,353,212	6,31,73,000	4,211,500	1,800,700	6,012,200

Revenues of India, in India and in England.

ESTIMATE, 1906-1907.			Increase + Decrease - as compared with Budget Estimate, 1906- 1907.	BUDGET ESTIMATE, 1907-1908.					Increase + Decrease - of Budget, 1907-1908, as compared with Budget Esti- mate, 1906- 1907.	Increase + Decrease - of Budget, 1907-1908, as compared with Revised Estimate, 1906-1907.
Total India (converted into £ at R15=£1).	England.	TOTAL.		INDIA. (RUPEE FIGURES.)		Total India (converted into £ at R15=£1).	England.	TOTAL.		
£	£	£		Imperial.	Provincial and Local.	£	£	£		
243,300	...	243,300	+ 25,000	24,97,000	8,69,000	224,400	...	224,400	+ 6,100	-18,900
1,189,700	...	1,189,700	+ 5,000	85,65,000	91,24,000	1,179,300	...	1,179,300	- 5,400	-10,400
3,420,400	900	3,421,300	- 51,700	73,05,000	4,62,70,000	3,571,700	700	3,572,400	+ 99,400	+ 151,100
1,915,200	1,600	1,916,800	+ 45,500	2,70,46,000	...	1,803,100	1,700	1,804,800	- 66,500	- 112,000
361,400	1,500	362,900	- 9,600	55,30,000	29,000	370,600	100	370,700	- 1,800	+ 7,800
86,500	100,000	186,500	- 21,200	2,83,000	10,41,000	88,200	103,000	191,200	- 16,500	+ 4,700
273,500	100	273,600	- 17,900	27,13,000	20,09,000	314,800	100	314,900	+ 23,400	+ 41,300
33,400	...	33,400	- 6,700	...	4,83,000	32,200	...	32,200	- 7,900	- 1,200
197,300	200	197,500	+ 6,000	31,08,000	3,000	207,400	100	207,500	+ 16,000	+ 10,000
24,000	...	24,000	+ 800	1,93,000	1,72,000	24,300	...	24,300	+ 1,100	+ 300
971,900	9,200	981,100	- 4,400	94,49,000	65,38,000	1,065,800	5,100	1,070,900	+ 85,400	+ 89,800
197,600	...	197,600	- 300	2,19,000	29,18,900	209,100	...	209,100	+ 11,200	+ 11,500
8,914,200	113,500	9,027,700	- 29,500	6,69,08,000	6,94,56,000	9,090,900	110,800	9,201,700	+ 144,500	+ 174,000
3,060,000	4,870,500	7,930,500	+ 105,700	3,58,48,000	1,08,52,000	3,113,300	4,837,400	7,950,700	+ 125,900	+ 20,200
4,211,500	1,800,700	6,012,200	- 68,300	6,67,27,000	46,000	4,451,500	1,816,500	6,268,000	- 324,100	- 255,800
1,077,900	...	1,077,900	+ 1,300	82,24,000	86,20,000	1,122,900	...	1,122,900	- 43,700	- 45,000
- 2,229,400	3,069,800	840,400	+ 38,700	- 3,91,03,000	21,86,000	- 2,461,100	3,020,900	559,800	- 241,900	- 280,600
495,200	...	495,200	+ 18,100	75,23,000	24,000	503,100	...	503,100	+ 36,000	+ 7,900
- 1,734,200	3,069,800	1,335,600	+ 56,800	- 3,15,80,000	22,10,000	- 1,958,000	3,020,900	1,062,900	- 215,900	- 272,700
1,536,500	62,800	1,599,300	- 1,600	2,44,21,000	...	1,628,100	61,700	1,689,800	+ 88,900	+ 90,500
808,000	327,200	1,135,200	- 19,800	1,23,67,000	...	824,500	255,000	1,080,100	- 74,900	- 55,100
129,300	31,800	161,100	+ 21,800	17,66,000	...	117,700	33,100	150,800	+ 11,500	- 10,300
1,314,600	282,400	1,597,000	+ 41,900	84,78,000	1,16,10,000	1,339,200	333,600	1,672,800	+ 117,700	+ 75,800
2,537,300	500	2,537,800	+ 29,600	8,54,000	3,70,85,000	2,529,300	500	2,529,800	+ 21,600	- 8,000
836,400	100	836,500	+ 52,500	19,55,000	1,04,06,000	824,100	2,300	826,400	+ 42,400	- 10,100
3,688,300	1,700	3,690,000	- 71,700	26,65,000	5,67,05,000	3,958,000	1,800	3,959,800	+ 198,100	+ 269,800
438,100	335,700	773,800	+ 11,900	35,50,000	28,34,000	425,600	255,500	681,100	- 80,800	- 92,700
1,800,600	6,200	1,806,800	- 106,000	5,14,000	2,97,86,000	2,020,000	6,200	2,026,200	+ 113,400	+ 219,400
123,500	400	123,900	- 800	19,73,000	...	131,500	400	131,900	+ 7,200	+ 8,000
1,100,900	12,900	1,113,800	- 4,300	6,82,000	1,67,56,000	1,162,500	11,100	1,173,600	+ 55,500	+ 59,500
1,008,900	4,300	1,013,200	+ 59,400	1,27,91,000	11,91,000	932,100	2,600	934,700	- 19,100	- 78,500
663,600	59,500	723,100	- 79,900	56,74,000	58,98,000	771,500	70,200	841,700	+ 38,700	+ 118,600
13,512,200	703,700	14,215,900	- 67,400	3,91,36,000	17,22,71,000	14,093,800	684,200	14,778,000	+ 494,700	+ 562,100
232,600	10,500	243,100	- 9,600	34,11,000	...	227,400	10,500	237,900	- 14,800	- 5,200
200	250,200	250,400	+ 7,000	6,000	...	400	320,000	320,400	+ 77,000	+ 70,000
957,800	2,033,000	2,990,800	+ 2,600	11,62,000	1,38,03,000	997,700	2,041,500	3,039,200	+ 51,000	+ 48,400
542,300	117,000	659,300	+ 63,600	18,11,000	64,15,000	548,400	107,700	656,100	+ 60,400	+ 3,200
276,600	21,700	298,300	+ 54,800	7,73,000	27,56,000	235,200	24,700	259,900	+ 16,400	- 38,400
2,009,500	2,432,400	4,441,900	+ 118,400	71,63,000	2,29,74,000	2,009,100	2,504,400	4,513,500	+ 190,000	+ 71,600
312,600	...	312,600	- 226,500	9,01,000	3,000	60,300	...	60,300	- 478,800	- 252,300
5,300	...	5,300	- 1,400	35,000	...	2,300	...	2,300	- 4,400	- 3,000
343,500	7,100	350,600	- 90,400	68,50,000	...	456,700	10,000	466,700	+ 25,700	+ 116,100
331,500	...	331,500	+ 318,300	33,11,000	37,50,000	470,700	...	470,700	+ 457,500	+ 139,200
992,900	7,100	1,000,000	...	1,10,97,000	37,53,000	990,000	10,000	1,000,000	...	...
26,168,400	6,748,300	32,916,700	+ 78,700	13,12,78,000	27,06,64,000	26,796,100	6,680,700	33,476,800	+ 638,800	+ 560,100

BUDGET ESTIMATE, 1907-1908.			
INDIA.		England.	TOTAL.
Amount in Rupees.	Equivalent in £ at R15=£1.	£	£
6,28,41,000	4,189,400	1,528,000	5,717,400
39,32,000	262,100	288,500	550,600
6,67,73,000	4,451,500	1,816,500	6,268,000

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

ESTIMATE, 1906-1907.			Increase + Decrease — as compared with Budget Estimate, 1906-1907.	BUDGET ESTIMATE, 1907-1908.					Increase + Decrease — of Budget, 1907-1908, as compared with Budget Estimate, 1906-1907.	Increase + Decrease — of Budget, 1907-1908, as compared with Revised Estimate, 1906-1907.
Total India (converted into £ at R15=£1).	England.	TOTAL.		INDIA. (RUPEE FIGURES.)		Total India (converted into £ at R15=£1).	England.	TOTAL.		
				Imperial.	Provincial and Local.					
£	£	£	£	R	R	£	£	£	£	
26,168,400	6,748,300	32,916,700	+ 78,700	13,12,78,000	27,06,64,000	26,796,100	6,680,700	33,476,800	+ 638,800	+ 560,100
3,964,000	1,536,100	5,500,100	+ 69,600	6,28,41,000	...	4,189,400	1,528,000	5,717,400	+ 286,900	+ 217,300
...	2,869,300	2,869,300	- 100	...	...	...	2,869,400	2,869,400	...	+ 100
...	148,800	148,800	...	...	...	...	153,900	153,900	+ 5,100	+ 5,100
247,500	264,600	512,100	-1,300	38,86,000	46,000	262,100	288,500	550,600	+ 37,200	+ 38,500
53,600	1,369,100	1,422,700	-46,400	10,72,000	71,000	76,200	1,439,000	1,515,200	+ 46,100	+ 92,500
43,700	...	43,700	+ 41,400	4,62,000	...	30,800	...	30,800	+ 28,500	-12,900
...	584,800	584,800	-300	85,000	...	5,700	581,800	587,500	+ 2,400	+ 2,700
39,500	...	39,500	-37,200	6,00,000	51,000	43,400	...	43,400	-33,300	+ 3,900
45,700	...	45,700	-300	7,71,000	24,000	53,000	...	53,000	+ 7,000	+ 7,300
4,394,000	6,772,700	11,166,700	+ 25,400	6,97,17,000	1,92,000	4,660,600	6,860,600	11,521,200	+ 379,900	+ 354,500
950,100	...	950,100	+ 49,000	70,04,000	69,78,000	932,100	...	932,100	+ 31,000	-18,000
1,077,900	...	1,077,900	-1,300	82,24,000	86,20,000	1,122,900	...	1,122,900	+ 43,700	+ 45,000
905,400	...	905,400	-107,200	38,15,000	1,12,16,000	1,002,100	...	1,002,100	-10,500	+ 96,700
2,933,400	...	2,933,400	-59,500	1,90,43,000	2,68,14,000	3,057,100	...	3,057,100	+ 64,200	+ 123,700
1,063,900	62,000	1,125,900	-43,500	1,84,82,000	...	1,232,100	27,000	1,259,100	+ 89,700	+ 133,200
5,498,900	68,600	5,567,500	-122,400	1,09,10,000	7,62,59,000	5,811,300	57,200	5,868,500	+ 178,600	+ 301,000
3,700	..	3,700	-1,200	...	31,000	2,100	...	2,100	-2,800	-1,600
6,566,500	130,600	6,697,100	-167,100	2,93,92,000	7,62,90,000	7,045,500	84,200	7,129,700	+ 265,500	+ 432,600
13,529,400	3,199,000	16,728,400	- 35,300	20,87,56,000	...	13,917,100	2,295,400	16,212,500	-551,200	-515,900
672,700	2,431,000	3,103,700	+ 20,700	1,01,47,000	...	676,400	2,462,000	3,138,400	+ 55,400	+ 34,700
14,202,100	5,630,000	19,832,100	-14,600	21,89,03,000	...	14,593,500	4,757,400	19,350,900	-495,800	-481,200
93,300	48,000	141,300	-50,200	18,85,000	...	125,700	20,000	145,700	- 85,800	+ 4,400
54,357,700	19,329,600	73,687,300	- 227,000	47,02,18,000	37,39,60,000	56,278,500	18,402,900	74,681,400	+ 766,800	+ 994,100
786,800	..	786,800	} + 1,691,100	...	10,43,000	69,500	...	69,500	} + 634,300	-1,056,800
173,300	...	173,300		...	76,92,000	512,800	...	512,800		
54,971,200	19,329,600	74,300,800	+ 1,463,800	47,02,18,000	36,73,11,000	55,835,200	18,402,900	74,238,100	+ 1,401,100	-62,700

REVISED ESTIMATE, 1906-1907.				BUDGET ESTIMATE, 1907-1908.			
INDIA.		England.	Total.	INDIA.		England.	Total.
Amount in Rupees.	Equivalent in £ at R15=£1.			Amount in Rupees.	Equivalent in £ at R15=£1.		
R	£	£	£	R	£	£	£
8,000,000	5,340,000	2,593,100	7,934,000	5,38,27,000	3,588,500	3,626,600	7,215,100
1,12,51,000	750,100	73,000	823,100	1,20,50,000	803,300	30,000	833,300
9,13,65,000	6,091,000	2,666,100	8,75,000	6,58,77,000	4,391,800	3,656,600	8,048,400
...

C.—Statement of Receipts and Disbursements of the

	ACCOUNTS, 1905-1906.			REVISED ESTIMATE, 1906-1907.			BUDGET ESTIMATE, 1907-1908.		
	India.	England.	Total.	India.	England.	Total.	India.	England.	Total.
	£	£	£	£	£	£	£	£	£
Revenue (from Statement A)	72,376,725	951,232	73,327,957	74,862,700	764,200	75,626,900	74,393,100	619,700	75,012,800
Excess of Revenue over Expenditure charged to Revenue.	...	...	2,091,854	...	...	1,326,100	...	...	774,700
Railway and Irrigation Capital not charged to Revenue—									
Capital raised through Companies towards outlay on State Railways (net)	1,487,995	...	1,487,995	...	...	...	2,650,000	...	2,650,000
OUTLAY OF RAILWAY COMPANIES—									
Repayments	817,326	2,728	820,054	616,300	1,500	617,800	1,113,700	1,600	1,115,300
NET			362,528			0			0
RAISED AND DEPOSITED BY RAILWAY COMPANIES—									
On account of Subscribed Capital	51,400	549,668	601,068	51,500	100	51,600	15,400	3,560,100	3,575,500
NET			0			0			1,190,400
Permanent Debt Incurred—									
<i>Sterling Debt—</i>									
India Stock . . . . .	...	2,000,000	...	...	2,000,000	...	...	3,500,000	...
B. B., & C. I. Debentures . . . . .	...	12,480,446	...	...	...	...	...	...	...
<i>Rupee Debt—</i>									
Rupee Loan	2,666,667	...	...	3,000,000	...	...	2,000,000	...	...
TOTAL NET	2,666,667	14,480,446	17,147,113	3,000,000	2,000,000	5,000,000	2,000,000	3,500,000	5,500,000
			16,752,546			4,165,400			4,914,900
Temporary Debt Incurred—									
Temporary Loans	466,667	...	466,667	2,535,000	...	2,535,000	...	...	...
NET			0			0			0
Unfunded Debt—									
Deposits of Service Funds	98,904	...	...	98,100	...	...	96,800	...	...
Savings Bank Deposits	4,773,919	...	...	4,377,400	...	...	4,477,800	...	...
TOTAL NET	4,872,823	...	4,872,823	4,475,500	...	4,475,500	4,574,600	...	4,574,600
			572,334			669,200			684,800
Deposits and Advances—									
Balances of Provincial Allotments	557,461	...	...	786,800	...	...	69,500	...	...
Appropriation for Reduction or Avoidance of Debt	512,262	...	...	331,500	...	...	470,700	...	...
Excluded Local Funds	846,922	...	...	782,200	...	...	733,400	...	...
Railway Funds	50,600	...	...	23,700	...	...	23,900	...	...
Deposits of Sinking Funds	10,691	...	...	11,100	...	...	11,600	...	...
Gold Standard Reserve	3,677,879	(a) 6,488,402	...	3,986,700	3,352,000	...	813,300	3,358,600	...
Currency Reserve: Council Bills appropriated	...	(b) 1,333,333	...	...	...	...	...	...	...
Currency Reserve: Bonds drawn . . . . .	...	...	...	...	31,700	...	...	69,700	...
Currency Reserve: Gold transferred	1,645,000	...	...	...	1,045,000	...	...	...	...
Departmental and Judicial Deposits	20,314,236	...	...	21,343,600	...	...	21,535,400	...	...
Advances	5,514,650	17,129	...	4,377,600	12,900	...	3,113,100	900	...
Suspense Accounts	424,766	...	...	6,200	...	...	16,200	...	...
Exchange on Remittance Accounts, net	7,815	...	...	...	...	...	...	...	...
Miscellaneous	18,858	...	...	...	2,400	...	3,900	...	...
TOTAL NET	32,981,140	7,838,864	40,820,004	31,649,400	4,444,000	36,093,400	27,791,000	3,429,200	31,220,200
Carried over	115,720,743	23,822,938	742,807	117,190,400	7,209,800	702,800	112,537,800	11,110,600	16,400

(a) Includes £3,543,000 remitted from India by means of Council Bills.

(b) Remitted from India by means of Council Bills.

Government of India, in India and in England.

	ACCOUNTS, 1905-1906.			REVISED ESTIMATE, 1906-1907.			BUDGET ESTIMATE, 1907-1908.		
	India.	England.	Total.	India.	England.	Total.	India.	England.	Total.
	£	£	£	£	£	£	£	£	£
Expenditure, Imperial and Provincial (from Statement B)	52,594,644	18,617,465	71,212,109	54,357,700	19,329,600	73,687,300	56,278,500	18,402,900	74,681,400
Add—Provincial Surpluses transferred to "Deposits"	557,461	...	557,461	786,800	...	786,800	69,500	...	69,500
Deduct—Provincial Deficits charged to "Deposits"	533,467	...	533,467	173,300	...	173,300	512,800	...	512,800
TOTAL	52,618,638	18,617,465	71,236,103	54,971,200	19,329,600	74,300,800	55,835,200	18,402,900	74,238,100
Railway and Irrigation Capital not charged to Revenue—									
OUTLAY ON IRRIGATION WORKS	524,245	31,949	556,194	750,100	73,000	823,100	803,300	30,000	833,300
OUTLAY ON STATE RAILWAYS	7,360,894	2,049,305	9,410,199	5,340,900	2,593,100	7,934,000	3,588,500	3,626,600	7,215,100
CAPITAL CHARGE INVOLVED IN REDEMPTION OF LIABILITIES									
Bombay, Baroda and Central India Railway	...	12,480,446		...	...	...	...	...	...
Bengal Central Railway	...	500,514		...	...	...	...	...	...
TOTAL	...	12,980,960	12,980,960	...	...	...	...	...	...
OUTLAY OF RAILWAY COMPANIES—									
Payments for Capital outlay	672,650	1,130,176	457,526	1,037,300	1,440,400	2,477,700	1,150,900	1,790,000	2,940,900
NET	...	...	0	...	...	1,859,900	...	...	1,825,600
RAISED AND DEPOSITED BY RAILWAY COMPANIES—									
Payments for discharge of Debentures	...	636,742	636,742	...	302,800	302,800	...	2,385,100	2,385,100
NET	...	...	35,674	...	...	251,200	...	...	0
Permanent Debt Discharged—									
Sterling Debt—									
India 4 p. c. Stock	...	59	...	...	...	...	...	...	...
G. I. P. Railway Debentures	...	250,000	...	...	...	...	...	...	...
B. B. C. I. Railway Debentures	...	...	...	...	749,900	...	...	500,000	...
Ruppes Debt—									
4½ p. c. Loans	200	...	...	...	...	...	...	...	...
4 p. c. Loans	143,415	...	...	84,000	...	...	84,000	...	...
3½ p. c. Loans	893	...	...	600	...	...	700	...	...
Stock Notes	...	...	...	...	...	...	100	...	...
Provincial Debentures	...	...	...	100	...	...	300	...	...
TOTAL NET	144,508	250,059	394,567	84,700	749,900	834,600	85,100	500,000	585,100
Temporary Debt Discharged—									
Temporary Loans	466,667	500,000	966,667	2,535,000	...	2,535,000	...	...	...
NET	...	...	500,000	...	...	0	...	...	...
Unfunded Debt—									
Special Loans	364	...	...	300	...	...	300	...	...
Deposits of Service Funds	87,671	...	...	87,700	...	...	89,000	...	...
Savings Bank Deposits	4,212,454	...	...	3,718,300	...	...	3,800,500	...	...
TOTAL NET	4,300,489	...	4,300,489	3,806,300	...	3,806,300	3,889,800	...	3,889,800
Deposits and Advances—									
Balances of Provincial Allotments	533,467	...	...	173,300	...	...	512,800	...	...
Excluded Local Funds	840,580	...	...	775,200	...	...	725,300	...	...
Railway Funds	73,058	...	...	19,400	...	...	16,000	...	...
Gold Standard Reserve	3,543,000	6,488,402	...	3,940,000	3,352,000	...	1,146,900	3,358,600	...
Currency Reserve: sums invested	...	1,333,333	...	...	31,700	...	...	69,700	...
Do. Gold transferred	...	1,045,000	...	1,045,000	...	...	...	...	...
Departmental and Judicial Deposits	19,965,010	...	...	21,287,700	...	...	21,691,700	...	...
Advances	6,161,079	5,702	...	3,963,100	253,700	...	3,630,600	52,200	...
Suspense Accounts	72,848	...	...	518,300	...	...	...	...	...
Exchange on Remittance Accounts	...	...	...	24,000	...	...	...	...	...
Miscellaneous	15,077	41	...	5,100	100	...	...	...	...
TOTAL NET	31,204,719	8,872,478	40,077,197	31,753,100	3,637,500	35,390,600	27,723,300	3,480,500	31,203,800
Carried over	95,947,510	45,069,134	...	100,278,600	28,126,300	...	93,076,100	30,215,100	...

C.—Statement of Receipts and Disbursements of the

	ACCOUNTS, 1905-1906.			REVISED ESTIMATE, 1906-1907.			BUDGET ESTIMATE, 1907-1908.		
	India.	England.	Total.	India.	England.	Total.	India.	England.	Total.
	£	£	£	£	£	£	£	£	£
Brought forward . . .	115,720,743	23,822,938		117,190,400	7,209,800		112,537,800	11,110,600	
Loans and Advances by Imperial Government . . .	1,256,419	...	1,256,419	315,400	...	315,400	444,800	...	444,800
NET . . .			1,065,079			0			61,600
Loans and Advances by Provincial Governments . . .	480,529	...	480,529	578,500	..	578,500	710,300	...	710,300
NET . . .						0			0
Capital of Local Boards NET . . .	28,224	...	28,224 1,526	64,900	...	64,900 1,600	41,700	...	41,700 1,700
Remittances— Inland Money Orders . . .	24,175,983	...		25,333,300	...		26,666,700	...	
Other Local Remittances . . .	52,419	...		360,500	...		359,300	...	
Other Departmental Accounts . . .	1,015,228	...		264,300	...		272,500	...	
Net Receipts by Civil Treasuries from— Post Office . . .	667,011	...		612,600	...		734,500	...	
Guaranteed Railways . . .	1,282,233	...		571,200	...		616,400	...	
Public Works . . .	1,831,418	...		3,294,700	...		5,329,000	...	
Net Receipts from Civil Treasuries by— Telegraph . . .	133,890	...		147,900	...		132,700	...	
Marine . . .	188,091	...		173,300	...		233,600	...	
Military . . .	13,087,854	...		13,066,200	...		13,535,600	...	
Remittance Account between England and India— Gold remitted from India . . .	1,000,000	400,309		...	...		...	...
Transfers through Paper Currency Reserve . . .	...	100,000		3,500,000	1,650,000		...	...
Purchase of silver . . .	8,643,946	...		12,712,800	...		170,000	...	
Railway transactions . . .	1,828,546	1,491,662		2,162,000	4,000		2,849,400	2,903,500	
Other . . .	848,821	1,612,147		3,350,500	886,500		331,000	369,700	
TOTAL . . .	54,755,440	3,604,118	58,359,558	65,549,300	2,540,500	68,089,800	51,260,700	3,273,200	54,533,900
NET . . .			623,474			177,000			98,700
Secretary of State's Bills drawn . . .	...	(a) 26,290,640	26,290,640	...	33,000,000	33,000,000	...	18,100,000	18,100,000
TOTAL RECEIPTS . . .	172,241,355	53,717,696		183,698,500	42,759,300		164,995,300	32,483,800	
Opening Balance . . .	10,749,770	10,262,581		11,781,457	8,436,519		11,118,657	4,313,819	
GRAND TOTAL . . .	182,991,125	63,980,277		195,479,957	51,186,819		176,113,957	36,797,619	

(a) In addition to £3,543,000 for remittance of the Gold Standard Reserve and £1,333,333 on account of Paper Currency Investment.

L. E. PRITCHARD,
Deputy Comptroller General.

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

	ACCOUNTS, 1905-1906.			REVISED ESTIMATE, 1906-1907.			BUDGET ESTIMATE, 1907-1908.		
	India.	England.	Total.	India.	England.	Total.	India.	England.	Total.
	£	£	£	£	£	£	£	£	£
Brought forward	95,947,510	45,069,134		100,278,600	28,126,300		93,076,100	30,215,100	
Loans and Advances by Imperial Government	191,340	...	191,340	340,000	...	340,000	383,200	...	383,200
NET			0			24,600			0
Loans and Advances by Provincial Governments	772,930	...	772,930	1,179,100	...	1,179,100	852,200	...	852,200
NET			292,401			600,600			141,900
Capital Account of Local Boards	26,698	...	26,698	63,300	...	63,300	40,000	...	40,000
Remittances—									
Inland Money Orders	24,158,768	...		25,333,300	...		26,666,700	...	
Other Local Remittances	...	...		358,200	...		359,300	...	
Other Departmental Accounts	1,021,728	...		264,300	...		272,500	...	
Net payments into Civil Treasuries by—									
Post Office	667,047	...		612,600	...		734,500	...	
Guaranteed Railways	1,282,233	...		571,200	...		646,400	...	
Public Works	1,861,881	...		3,228,100	...		5,329,000	...	
Net Issues from Civil Treasuries to—									
Telegraph	135,811	...		147,900	...		132,700	...	
Marine	190,058	...		173,300	...		233,600	...	
Military	13,087,854	...		13,066,200	...		13,535,600	...	
Remittance Account between England and India—									
Gold remitted from India	1,000,433	...		...	...		...	...
Transfers through Paper Currency Reserve	...	...		1,750,000	3,500,000		...	...
Purchase of Silver	329,893	8,218,043		...	12,567,500		...	...
Railway transactions	1,488,296	1,831,912		4,000	2,162,000		2,903,500	2,849,400	
Other	2,037,458	424,669		3,657,000	517,200		476,000	296,000	
TOTAL	47,261,460	10,474,624	57,736,084	49,166,100	18,746,700	67,912,800	51,289,800	3,145,400	54,435,200
NET			0			0			0
Secretary of State's Bills paid	(a) 27,009,730	...	27,009,730	33,334,200	...	33,334,200	18,103,900	...	18,103,900
TOTAL DISBURSEMENTS	171,209,668	55,543,758		184,361,300	46,873,000		163,745,200	33,360,500	
Closing Balance	11,781,457	8,436,519		11,118,657	4,313,819		12,368,757	3,437,119	
GRAND TOTAL	182,991,125	63,980,277		195,479,957	51,186,819		176,113,957	36,797,619	

(a) In addition to £3,543,000 for payment from the Gold Standard Reserve and to £1,333,333 for payment from the Currency Reserve.

O. T. BARROW,
Comptroller General.

J. S. MESTON,
Secretary to the Government of India.

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 and Berar.	Burma.	Eastern Bengal and Assam.	Bengal.	United Provinces of Agra and Oudh.	Punjab.	N.-W. Frontier Province.	Madras.	Bombay.	TOTAL.	Equivalent in £ at Rs 15 = £1.
	R	£	R	R	R	R	R	R	R	R	R	£
Accounts, 1905-1906.												
Balance at end of 1904-1905 . . .	1,48,441	21,59,305	83,76,100	43,44,188	1,42,99,869	92,85,782	1,01,24,708	1,36,588	1,20,89,750	1,06,60,917	7,16,25,648	4,775,043
Added in 1905-1906 . . .	...	34,16,908	...	36,04,258	...	...	...	18,948	11,56,222	1,63,584	83,61,920	557,461
Spent in 1905-1906 . . .	36,885	...	25,45,404	...	3,20,634	28,30,513	22,68,574	...	...	...	80,02,010	533,467
Balance at end of 1905-1906 . . .	1,11,556	55,76,213	58,30,696	79,48,446	1,39,79,235	64,55,269	78,56,134	1,55,536	1,32,47,972	1,08,24,501	7,19,85,558	4,799,037
Revised Estimate, 1906-1907.												
Balance at end of 1905-1906 (by Accounts) . . .	1,11,556	55,76,213	58,30,696	79,48,446	1,39,79,235	64,55,269	78,56,134	1,55,536	1,32,47,972	1,08,24,501	7,19,85,558	4,799,037
Added in 1906-1907 . . .	16,000	16,01,000	24,09,000	...	...	15,18,000	...	33,000	35,66,000	26,59,000	1,18,02,000	786,800
Spent in 1906-1907 . . .	...	...	...	4,50,000	18,45,000	...	3,04,000	...	...	...	25,99,000	173,500
Balance at end of 1906-1907 . . .	1,27,556	71,77,213	82,39,696	74,98,446	1,21,34,235	79,73,269	75,52,134	1,88,536	1,68,13,972	1,34,83,501	8,11,88,558	5,412,537
Budget Estimate, 1907-1908.												
Balance at end of 1906-1907 (by Revised Estimate) . . .	1,27,556	71,77,213	82,39,696	74,98,446	1,21,34,235	79,73,269	75,52,134	1,88,536	1,68,13,972	1,34,83,501	8,11,88,558	5,412,537
Added in 1907-1908 . . .	...	10,32,000	...	...	...	...	...	11,000	...	...	10,43,000	69,500
Spent in 1907-1908 . . .	1,000	...	15,34,000	16,91,000	17,92,000	5,50,000	10,12,000	...	9,60,000	1,52,000	76,92,000	512,800
Balance at end of 1907-1908 . . .	1,26,556	82,09,213	67,05,696	58,07,446	1,03,42,235	74,23,269	65,40,134	1,99,536	1,58,53,972	1,33,31,501	7,45,39,558	4,969,237

L. E. PRITCHARD,
Deputy Comptroller General.

O. T. BARROW,
Comptroller General.

J. S. MESTON,
Secretary to the Government of India.

FORT WILLIAM,
FINANCE DEPARTMENT;
March 20, 1907.

E.—Abstract Statement of the Receipts and Disbursements of the Government of India, in India and in England.

REVENUE AND EXPENDITURE.		Accounts, 1905-1906.				Revised Estimate, 1906-1907.		Budget Estimate, 1907-1908.		
		Revenue.	Expenditure.		Net Receipts.	Net Charges.	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.
			Refunds and Assignments.	Cost of Collection and Production.						
	Revenue Heads.	£	£	£	£	£	£	£	£	
Principal Heads of Revenue.	Land Revenue (excluding that due to Irrigation)	18,862,160	732,597	3,335,910	14,793,662		15,752,300		15,972,900	
	Opium	5,468,780	3,395	1,892,441	3,572,944		3,687,400		3,042,700	
	Salt	4,376,410	266,471	363,166	3,746,773		3,658,300		2,652,600	
	Stamps	3,926,364	50,038	128,164	3,748,162		3,791,000		3,930,500	
	Excise	5,687,820	56,425	258,116	5,373,279		5,576,400		5,839,500	
	Provincial Rates	2,798,051	5,795	37,211	2,755,045		2,251,400		2,295,200	
	Customs	4,318,017	89,650	182,459	4,075,908		3,904,600		4,291,500	
	Assessed Taxes	1,321,393	6,715	22,626	1,292,052		1,379,400		1,400,800	
	Forest	1,779,566	4,442	954,818	820,306		817,000		815,800	
	Registration	301,959	824	187,613	173,522		185,100		181,100	
	Tributes	597,430	200,563	...	396,867		413,500		403,600	
		Total	49,527,959	1,416,915	7,362,574	40,748,520		41,506,400		40,826,200
		Total deduction from Revenue		8,779,439						
		Expenditure Heads.								
Debt Services	Interest	944,986	1,409,935		464,949		386,800		100,800	
Commercial Services.	Post Office	1,651,477	1,575,936		75,541		166,100		105,900	
	Telegraph	909,854	1,076,489			166,635	182,700		88,200	
	Railways	12,924,420	10,922,454		2,001,966		2,157,800		2,149,700	
	Irrigation	3,006,663	2,480,432		126,231		597,700		368,200	
Other Public Works.	Military	49,306	1,094,905			1,045,599	1,075,900		1,210,300	
	Civil	487,411	5,362,402			4,874,991	5,062,500		5,370,800	
Mint	Mint	321,183	120,079		201,104		254,600		94,500	
Civil Departments	Civil Departments	1,550,599	13,258,489		11,707,890		12,692,500		13,296,100	
	Miscellaneous Civil Services.	Superannuation	194,353	2,942,548		2,748,195	2,797,200		2,845,600	
	Exchange	82,870	...		82,870		193,300		133,300	
	Miscellaneous	413,800	336,700		77,100		195,100		137,300	
	Other heads	73,380	1,018,865			965,485	1,075,700		1,139,100	
Famine Relief and Insurance	Famine Relief	...	135,887		135,887		312,600		60,300	
	Other heads	...	864,113		864,113		687,400		939,700	
Army Services	Effective	1,058,668	16,195,955		15,137,287		15,733,900		15,268,800	
	Non-effective	131,023	3,071,175		2,940,147		2,982,900		3,018,300	
	Special Defences (1902)	...	146,306		146,306		141,300		145,700	
	Total	73,327,957	71,212,109		2,115,848		1,939,600		321,400	
Provincial Adjustment	Surplus		-23,994				613,500		443,300	
	Deficit		...						443,300	
	Total	73,327,957	71,236,103		2,091,854		1,326,100		774,700	
Capital Account	Surplus				2,091,854		1,326,100		774,700	
	Railway and Irrigation Capital not charged to Revenue:—									
	Capital raised through Companies towards outlay on State Railways				1,487,995				2,650,000	
	Capital raised and deposited by Railway Companies					35,674		1,190,400		
	Outlay on Irrigation Works					556,194		823,100	833,300	
	Outlay on State Railways					9,410,199		7,934,000	7,215,100	
	Outlay of Railway Companies				362,528		1,859,900		1,825,600	
Capital involved in Redemption of Railway Liabilities					12,980,960					
Debt, Deposits, Advances, and Remittances.	Permanent Debt				16,752,546		4,165,400		4,914,900	
	Temporary Debt					500,000				
	Unfunded Debt				572,334		669,200		684,800	
	Loans and Advances by Imperial Government				1,065,079			24,600	61,600	
	Loans and Advances by Provincial Governments					292,401		600,600	1,11,900	
	Capital Account of Local Boards				1,526		1,600		1,700	
	Deposits and Advances				742,807		702,800		16,400	
	Remittances				623,474		177,000		98,700	
	Secretary of State's Bills drawn				26,290,640		33,000,000		18,100,000	
	Secretary of State's Bills paid					27,009,730		33,334,200	13,103,900	
Cash Balance	Opening Balance				49,990,783	50,785,158	40,042,100	44,827,600	28,493,200	
	Closing Balance				21,012,351	20,217,976	20,217,976	15,432,476	15,132,476	
	Total				71,003,134	71,003,134	60,260,076	60,260,076	43,925,676	

L. E. PRITCHARD,
Deputy Comptroller General.

O. T. BARROW,
Comptroller General.

J. S. MESTON,
Secretary to the Government of India.

FORT WILLIAM,
FINANCE DEPARTMENT.
March 20, 1907.

APPENDIX II.

Memorandum by the Military Finance Secretary on Military Expenditure for the years 1906-1907 and 1907-1908.

This memorandum is concerned with the expenditure incurred in England and India under the four Budget heads "46—Army," "21—Marine" (Imperial), "44—Military Works," and "47—Special Defences." It also makes an approximate differentiation between "Special" and Ordinary military expenditure.

2. Special expenditure, as explained by the Hon'ble Financial Member in Part I of the Budget Statement, consists of outlay on—

- (1) Measures connected with the carrying out of Lord Kitchener's scheme for the Reorganisation and Redistribution of the Army.
- (2) Other special measures for the improvement of Military administration which had been initiated prior to the year 1904-1905. In this case, the further expenditure on such measures is treated as Special only to the extent that it exceeds the budget provision made in 1904-1905.
- (3) All expenditure connected with the scheme for the rearmament and improvement of our coast and frontier defences.
- (4) All other new measures which appreciably add to military expenditure. If the maximum cost of such a new measure, adding the full amount of recurring expenditure in any one year to the initial outlay, exceeds R20,000 (R50,000 in the case of buildings), the cost is debited to the Special expenditure grant.

The balance of military expenditure outside special outlay of these descriptions is classed as Ordinary.

1.—REVISED ESTIMATES OF 1906-1907.

A.—SPECIAL EXPENDITURE.

3. The following table shows the amount of Special expenditure—Home and Indian—under the Budget heads concerned, as provided for in the Budget of the current year and as now estimated:—

	Budget, 1906-1907.		Revised Estimate, 1906-1907.	
	R	£	R	£
Army—				
Home	1,56,72,000	1,044,800	1,42,32,000	948,800
India	1,22,08,000	813,800	1,09,88,000	732,500
Total	2,78,80,000	1,858,600	2,52,20,000	1,681,300
Marine—				
Home	19,52,000	130,100	18,81,000	125,400
India	7,000	500	7,000	500
Total	19,59,000	130,600	18,88,000	125,900
Military Works—				
Home . . . . .	...	...	3,23,000	21,500
India	81,88,000	545,900	70,09,000	467,300
Total	81,88,000	545,900	73,32,000	488,800
Special Defences—				
Home	14,40,000	96,000	7,20,000	48,000
India	20,33,000	135,500	14,00,000	93,300
Total	34,73,000	231,500	21,20,000	141,300
Total under all heads—				
Home	1,90,64,000	1,270,900	1,71,56,000	1,143,700
India	2,24,36,000	1,495,700	1,94,04,000	1,293,600
GRAND TOTAL	4,15,00,000	2,766,600	3,65,60,000	2,437,300

Special expenditure for 1906-1907 was fixed at 325 lakhs of rupees, (£2,166,600), as the ordinary grant of the year, with a further addition of 90

lakhs (£600,000) to make up for large lapses which had occurred in the previous year, largely owing to delay in the supply of Artillery and stocks of ammunition and other stores contracted for through the War Office. The amount which will be spent during the year is now estimated at about 365½ lakhs (£2,437,300). The principal causes of this decrease of expenditure as compared with the Budget, which amounts to about 49½ lakhs (£329,300), are as follows.

4. Short expenditure under *Special Defences*, which is mainly concerned with the adequate protection of the principal Indian sea-ports, is due to the question of the nature of the guns which should be mounted for the protection of these ports having been reconsidered, and the consequent delay in carrying out the original programme.

5. The decrease under *Military Works* (India) is due to slower progress than was anticipated in carrying out the building operations consequent on Lord Kitchener's Redistribution scheme. The Home expenditure incurred, which was not provided for in the Budget, is due to the necessity for procuring stores which were not discriminated from the Indian outlay when the Budget was framed.

6. The small decrease under *Marine* calls for no special remarks.

7. The decrease under *Army* is due mainly to smaller expenditure than had been anticipated on the following important measures :—

(1) Reorganisation of horse and field batteries.

The original scheme was materially modified on the advice of the Army Council, and the Government of India are now awaiting a final decision on certain details. It thus became necessary to defer expenditure.

(2) Provision made for the purchase of land and new lines for Indian troops in connection with the Redistribution scheme.

(3) Purchase of reserve artillery ammunition in England.

(4) Increase in reserves of rifles.

The Ishapore Rifle Factory has not yet been able to turn out the local supply of rifles which was anticipated.

(5) Progress of artillery rearmament.

Here again, the Cossipore Factory, on which we rely for a local supply of guns, has not worked up to the anticipated output.

(6) Increase of Indian Army reserves, owing to the enrolment of additional reservists not having come up to anticipation.

8. On the other hand, failure to work up to the original programme in these and other matters has rendered it possible to undertake certain measures which had not been provided for in the current year's budget. The most important of these are :—

(1) Constitution of a new Chief of the Staff's Division at Army Headquarters.

The appointment of a Chief of the Staff, to assist the Commander-in-Chief in dealing with the questions of Army policy and the preparation of the Army for war, was sanctioned by the Secretary of State in connection with the constitution of the Army and Supply Departments. The larger portion of the establishment provided for this high officer has been obtained by transfer from the Divisions of the Adjutant-General and Quartermaster-General, while the additional outlay involved has been treated as Special expenditure.

(2) Supply of half the extra British *personnel* required for the existing and additional artillery ammunition columns.

The budget provision was only for *matériel* and horses.

(3) Concessions to the Native army in the shape of—

(a) Increase of kit money on enlistment.

(b) An annual grant for boots.

(c) Larger facilities for visiting their homes in the hot weather.

(4) Payment of bounties to time-expired British soldiers to induce them to continue their service in India.

Part of this expenditure will be borne by His Majesty's Government and the exact allocation is still under discussion. In the meantime the portion which India may have to pay has been debited to Special expenditure, and the amount which the Government of India count on getting recouped, to Ordinary.

9. Taking the principal results obtained from Special expenditure during the current year, the Government of India have, in addition to progress on Special Defences, and on the building and other outlay required in connection with the Redistribution scheme—

- (1) Met the recurring expenditure involved in measures which had been previously brought to practical completion, such as the reorganisation and completion of transport, the reconstitution of certain regiments, and the re-equipment of field hospitals.
- (2) Added 87 officers to the Indian army making a total addition of 257 since the 1st January 1906.
- (3) Made satisfactory progress in the rearmament of horse and field batteries pertaining to the field army, a measure which will be brought to completion in 1907-1908.
- (4) Made large progress in the provision of Small Arms Ammunition Columns.
- (5) Considerably expanded the Ordnance factories at Cossipore and Ishapore, with the object of obtaining local production of guns, rifles and bayonets, and nearly completed the Gun Carriage factory at Jubbulpore. The Bombay arsenal is also in course of transfer to a more convenient site at Kirkee, and considerable progress has been made on the buildings there.
- (6) Added to and improved Army dairies.
- (7) Practically completed the new Staff College buildings at Quetta. The Indian Staff College, hitherto provisionally located at Deolali, will move to Quetta very shortly.
- (8) Obtained a new vessel for the Indian Marine, the "Northbrook," to replace the "Canning" which is now past service and is to be sold.
- (9) Provided for another Indian Marine vessel to replace the "Nancowry" which has been employed on Marine surveys. The contract provides for the delivery of this vessel at an early date in 1907-1908.

10. It may also be noted that the Supply and Transport Corps, which has hitherto been under His Excellency the Commander-in-Chief and the Army Department in respect of Supply and Transport work, and under the Department of Military Supply in respect of Contracts and Registration, has now been placed entirely under the Commander-in-Chief and the Army Department; and the Corps is, at the same time, undergoing an economical reorganisation which will eventually reduce its cost as estimated for in the current year's Budget by about 2½ lakhs per annum (£18,000).

B.—ORDINARY EXPENDITURE.

11. The following table exhibits Ordinary expenditure—Home and Indian—as provided for in the Budget of the current year and as now estimated :—

	Budget, 1906-1907.		Revised Estimate, 1906-1907.	
	R	£	R	£
Army—				
Home	6,83,70,000	4,558,000	7,02,18,000	4,681,200
India	20,14,51,000	13,430,100	20,20,44,000	13,469,600
Total	26,98,21,000	17,988,100	27,22,62,000	18,150,800
Marine—				
Home	27,59,000	183,900	31,54,000	210,300
India	41,92,000	279,500	40,48,000	269,800
Total	69,51,000	463,400	72,02,000	480,100
Military Works—				
Home	4,56,000	30,400	6,07,000	40,500
India	88,97,000	593,100	89,50,000	596,600
Total	93,53,000	623,500	95,57,000	637,100
Total under all heads—				
Home	7,15,85,000	4,772,300	7,39,79,000	4,932,000
India	21,45,40,000	14,302,700	21,50,42,000	14,336,000
GRAND TOTAL	28,61,25,000	19,075,000	28,90,21,000	19,268,000

12. *Marine* charges are about $2\frac{1}{2}$ lakhs (£17,000) in excess of the Budget owing to an increase of nearly 4 lakhs in Home outlay consequent on larger purchase of stores there, which is partially counterbalanced by a decrease of nearly $1\frac{1}{2}$ lakhs in expenditure in India.

13. Ordinary *Military Works* expenditure is incurred against what is known as the fixed Military Works Grant. At the beginning of the current year this grant was fixed at about $93\frac{1}{2}$ lakhs (£623,500), but has recently been raised to 95 lakhs (£633,300), as it was found that a reduction formerly made in respect of the transfer of up-keep of certain roads to Local Governments had been larger than the actual facts warranted. The actual expenditure will, it is anticipated, slightly exceed the grant owing to larger expenditure on stores in England.

14. Under *Army*, the Revised Home estimate charges show an increase of about $18\frac{1}{2}$ lakhs (£1,23,000). This is due to increased trooping charges, additional furlough payments, and larger credits to the War Office on account of British troops serving in India, partly counteracted by smaller outlay on stores.

15. The Indian expenditure shows an increase of about 6 lakhs (£40,000), of which $4\frac{1}{2}$ lakhs is due to expenditure on the concentration of troops at Agra, in connection with the visit of His Majesty the Amir of Afghanistan, which had not been provided for in the Budget. This leaves a net increase of about $1\frac{1}{2}$ lakhs. There has been a considerable increase of expenditure, amounting to 17 lakhs, under charges connected with food and compensation for dearness of food and forage, owing to prevalence of high prices. This, however, is partially counterbalanced by a net saving of $15\frac{1}{2}$ lakhs, the resultant of a variety of increases and decreases as compared with the Budget. The principal decreases are, 5 lakhs on pay of British troops, owing to short strength (counterbalanced by 2 lakhs more on account of service pay and 2 lakhs for increased expenditure on clothing compensation), 3 lakhs under Native Army Reserve, 3.6 lakhs owing to smaller purchase of malt liquor, and 1.7 lakhs less expenditure on medical supplies. A decrease of 2.4 lakhs under the Aden Delimitation Commission, consequent on the demobilisation of the force at D'thala, is more than counterbalanced by an increase of 3 lakhs under the Tibet Mission owing to high prices of food supplies. There has also been an increase of about 2 lakhs under the pay of British officers owing to the savings consequent on absence on leave and otherwise having been over-estimated; and, as explained in paragraph 8, part of the amount spent on bounties to time-expired British soldiers has been debited to Ordinary expenditure.

16. The total Ordinary expenditure under all heads shows an increase of about 29 lakhs (£1,93,000) as compared with the Budget Estimate, of which about 2 lakhs occurs under Military Works, $2\frac{1}{2}$ lakhs under Marine, and about $24\frac{1}{2}$ lakhs (£1,63,000) under Army. The causes which have led to this increase have been explained above: it may be succinctly summarised as mainly due to—

- (1) Increase in the Military Works fixed grant.
- (2) Expenditure on the concentration of troops at Agra.
- (3) Larger Home charges under Army and Marine.
- (4) Additional outlay consequent on high prices of food and forage.

C.—TOTAL MILITARY EXPENDITURE, ORDINARY AND SPECIAL.

17. The following statement compares the total Military expenditure, *i.e.*, Ordinary and Special taken together, as shown in the Budget and Revised Estimates of the current year :—

	Budget, 1906-1907.		Revised Estimate, 1906-1907.	
	R	£	R	£
Army—				
Home	8,40,42,000	5,602,800	8,44,50,000	5,630,000
India	21,36,59,000	14,243,900	21,30,32,000	14,202,100
Total	29,77,01,000	19,846,700	29,74,82,000	19,832,100
Marine—				
Home	47,11,000	314,000	50,35,000	335,700
India	41,99,000	280,000	40,55,000	270,300
Total	89,10,000	594,000	90,90,000	606,000
Military Works—				
Home	4,56,000	30,400	9,30,000	62,000
India	1,70,85,000	1,139,000	1,59,59,000	1,063,900
Total	1,75,41,000	1,169,400	1,68,89,000	1,125,900
Special Defences—				
Home	14,40,000	96,000	7,20,000	48,000
India	20,33,000	135,500	14,00,000	93,300
Total	34,73,000	231,500	21,20,000	141,300
Total under all heads—				
Home	9,06,49,000	6,043,200	9,11,35,000	6,075,700
India	23,69,76,000	15,798,400	23,44,46,000	15,629,600
GRAND TOTAL	32,76,25,000	21,841,600	32,55,81,000	21,705,300

18. The Revised Estimate shows a decrease of over 20 lakhs (£136,000), a lapse of about 49½ lakhs under Special expenditure having been partially counter-balanced by an increase in Ordinary charges, the reasons for which have been explained above.

D.—MILITARY RECEIPTS.

19. Certain receipts are credited under Army, Military Works, and Marine. These arise mainly from payments by His Majesty's Government against charges incurred on their account, rents of quarters, sales of stores, and recoveries on certain issues such as malt-liquor and rum, and in certain cases clothing, to soldiers.

20. The following table shows the total receipts of 1906-1907 as respectively taken in the Budget and in the Revised Estimate :—

	Budget, 1906-1907.		Revised Estimate, 1906-1907.	
	R	£	R	£
Army	1,59,68,000	1,064,500	1,67,30,000	1,115,300
Marine	21,45,000	143,000	19,16,000	127,700
Military Works	7,10,000	47,300	7,50,000	50,000
Total	1,88,23,000	1,254,800	1,93,96,000	1,293,000

21. The increase in Army receipts is mainly due to credit taken for a refund agreed to by the War Office on account of pay of Native troops during furlough earned by service in China and Somaliland.

Marine receipts show some falling-off owing to smaller recoveries for hire of vessels, etc.

FINANCIAL STATEMENT OF THE

E.—NET MILITARY EXPENDITURE.

22. Deducting the receipts from the gross expenditure, the net military expenditure for 1906-1907 was taken at ₹30,88,02,000 (£20,586,800) in the Budget for the current year, and is now estimated at ₹30,61,85,000 (£20,412,300).

II.—BUDGET ESTIMATE OF 1907-1908.

A.—SPECIAL EXPENDITURE.

23. The following tables compare, both in rupees and in sterling, the Budget provision of 1907-1908 with the Budget and Revised Estimate figures of 1906-1907:—

		Budget, 1906-1907.	Revised Estimate, 1906-1907.	Budget, 1907-1908.
		₹	₹	₹
Rupee figures.	Army—			
	Home	1,56,72,000	1,42,32,000	18,28,000
	India	1,22,08,000	1,09,88,000	1,55,56,000
	Total	2,78,80,000	2,52,20,000	1,73,84,000
	Marine—			
	Home	19,52,000	18,81,000	10,78,000
	India	7,000	7,000	2,23,000
	Total	19,59,000	18,88,000	13,01,000
	Military Works—			
	Home . . . . .	...	3,23,000	...
	India	81,88,000	70,09,000	88,80,000
	Total	81,88,000	73,32,000	88,80,000
	Special Defences—			
	Home	14,40,000	7,20,000	3,00,000
	India	20,33,000	14,00,000	18,85,000
	Total	34,73,000	21,20,000	21,85,000
	Total under all heads—			
	Home	1,90,64,000	1,71,56,000	32,06,000
India	2,24,36,000	1,94,04,000	2,65,44,000	
GRAND TOTAL	4,15,00,000	3,65,60,000	2,97,50,000	

		₹	£	£
Sterling figures.	Army—			
	Home	1,044,800	948,800	121,800
	India	813,800	732,500	1,037,100
	Total	1,858,600	1,681,300	1,158,900
	Marine—			
	Home	130,100	125,400	71,900
	India	500	500	14,900
	Total	130,600	125,900	86,800
	Military Works—			
	Home . . . . .	...	21,500	...
	India	545,900	467,300	592,000
	Total	545,900	488,800	592,000
	Special Defences—			
	Home	96,000	48,000	20,000
	India	135,500	93,300	125,700
	Total	231,500	141,300	145,700
	Total under all heads—			
	Home	1,270,900	1,143,700	213,700
India	1,495,700	1,293,600	1,769,700	
GRAND TOTAL	2,766,600	2,437,300	1,983,400	

24. In the coming year, owing to the more favourable political situation and the reduction of revenue estimated under opium, the current special grant has been reduced from 325 lakhs (£2,166,600) to 250 lakhs (£1,666,700). To this is added 47½ lakhs (£316,700) on account of lapses during the current year, which includes a special provision of 7½ lakhs (£50,000) for a new vessel to replace the R.I.M.S. *Investigator*, on Marine Survey work. We thus get a total provision of 297½ lakhs against 415 lakhs in the current year's Budget. The reduction fall mainly under army expenditure in connection with war *matériel*.

25. The following are the principal measures for which expenditure has been provided, outside progress under Special Defences, and on buildings, acquisition of land and outlay on lines in connection with the Redistribution scheme :—

(a) Measures already in progress :—

- (1) The reorganisation of Horse and Field Batteries.
- (2) The reorganisation of Ammunition Columns.
- (3) Increase to the reserve of Artillery ammunition.
- (4) Increase to the reserve of small arms ammunition.
- (5) Increase to the reserve of rifles.
- (6) Increase to the number of officers in the Indian Army.
- (7) Increase to the reserve of the Indian Army.
- (8) Extension of Army dairies.

(b) New measures :—

- (1) The raising of two Indian Mountain Batteries.
- (2) *The reorganisation of Mountain Artillery.
- (3) *The partial reorganisation of the Heavy Artillery.
- (4) Raising an additional Indian Cavalry regiment from a nucleus of two irregular squadrons.
- (5) Supplying the field army with telephonic equipment.
- (6) The electrification of the Harness and Saddlery factory at Cawnpore.
- (7) *Modification of present pensionary conditions in the Indian Army.
- (8) Provision of the new Indian Marine vessel referred to in paragraph 24.
- (9) Provision of a new Indian Marine vessel to replace the *Irrawaddy*.

* These measures have not as yet been sanctioned by the Secretary of State.

B.—ORDINARY EXPENDITURE.

26. The following statements compare the Budget provision for 1907-1908 with the Budget and Revised Estimates of 1906-1907 :—

	Budget, 1906-1907.	Revised, 1906-1907.	Budget, 1907-1908.
	R	R	R
Army—			
Home . . .	6,83,70,000	7,02,18,000	6,95,33,000
India . . .	20,14,51,000	20,20,44,000	20,33,17,000
Total . . .	26,98,21,000	27,22,62,000	27,28,80,000
Marine—			
Home . . .	27,59,000	31,54,000	27,54,000
India . . .	41,92,000	40,48,000	33,27,000
Total . . .	69,51,000	72,02,000	60,81,000
Military Works—			
Home . . .	4,56,000	6,07,000	4,05,000
India . . .	88,97,000	89,50,000	96,02,000
Total . . .	93,53,000	95,57,000	1,00,07,000
Total under all heads—			
Home . . .	7,15,85,000	7,39,79,000	7,26,92,000
India . . .	21,45,40,000	21,50,42,000	21,62,76,000
GRAND TOTAL . . .	28,61,25,000	28,90,21,000	28,89,68,000

Rupee figures.

FINANCIAL STATEMENT OF THE

	Budget, 1906-1907.	Revised, 1906-1907.	Budget, 1907-1908.	
Sterling figures.	Army—			
	Home	£ 4,558,000	£ 4,681,200	£ 4,635,600
	India	13,430,100	13,469,600	13,556,400
	Total	17,988,100	18,150,800	18,192,000
	Marine—			
	Home	183,900	210,300	183,600
	India	279,500	269,800	221,800
	Total	463,400	480,100	405,400
	Military Works—			
	Home	30,400	40,500	27,000
	India	593,100	596,600	640,100
	Total	623,500	637,100	667,100
	Total under all heads—			
	Home	4,772,300	4,932,000	4,846,200
	India	14,302,700	14,336,000	14,418,300
GRAND TOTAL	19,075,000	19,268,000	19,264,500	

27. As compared with the current year's Budget, *Marine* charges show a decrease of nearly 9 lakhs (£58,000). This is really due to an altered system of accounting, in connection with labour and local stores transactions incurred by the Marine Dockyards on behalf of His Majesty's Government or Local Governments in India. Formerly the full expenditure incurred on behalf of these authorities was debited in the Marine accounts as outlay and the corresponding recoveries credited as receipts. Hereafter such balancing charges disappear from both sides of the Marine accounts, the debit falling directly, by adjustment, on the employing authority.

28. As already explained in paragraph 13, the *Military Works* fixed grant was raised to 95 lakhs (£633,300) during the current year, and it has now been further raised by about 5 lakhs (£33,800), consequent on the transfer to the Military Works head of certain charges connected with punkah-pulling, electric lighting and water-supply in barracks and cantonments, hitherto debited to the head Army.

29. *Army* expenditure shows an increase of about 30½ lakhs (£204,000) as compared with the current year's Budget Estimate, of which about 11½ lakhs (£78,000) occurs at Home, and 19 lakhs (£126,000) in India. The increase in the Home figures is due to additional trooping charges, more furlough payments, and larger credits to the War Office on account of British troops serving in India, partially counterbalanced by smaller requirements as regards stores.

30. Of the increase in India, 1½ lakhs is due to a change in accounting. As already stated, the Army estimates have been relieved of certain barrack and cantonment charges aggregating 5 lakhs which are now debited to Military Works. On the other hand, charges in connection with Cantonment Magistrates to the extent of 6½ lakhs have been transferred from the Civil to the Army estimates, as Cantonment Magistrates are now under the administrative control of the Commander-in-Chief and the Army Department. Again, with reference to the experience of the current year as shown in the Revised Estimates, charges in connection with food and forage have been increased by about 18 lakhs. Less noticeable increases, which are in the aggregate counterbalanced by decreases under other items, are as follows:—Under service pay to British soldiers, 2 lakhs; for larger expenditure on the pay of regimental officers consequent on the experience of the current year—(vide paragraph 15, *supra*), 2 lakhs; on grass and dairy farms (largely covered by corresponding estimated receipts), 3¼ lakhs; on procurement of Remount and Ordnance mules owing to short purchases in previous years, 2 lakhs; local Ordnance stores, 2·7 lakhs; on placing of stock of tents and camp equipage generally in adequate condition, 2·3 lakhs; and on additional charges under the Tibet Mission and Gilgit Agency owing to food prices, nearly 3 lakhs. On the other hand, there are noticeable decreases under the Aden Delimitation Commission, 5·6 lakhs, owing to removal of troops from D'thala; and under the Army Bearer Corps, where reductions are being made, 2 lakhs. There is also a decrease of nearly 8 lakhs consequent on smaller purchase of malt liquor, but this is counterbalanced by decreased receipts. This is due

to the fact that, after 1st January 1908, British regiments in Northern India, which have hitherto been supplied with beer through the Supply and Transport Corps, for consumption by soldiers on payment, will make their own arrangements for obtaining this.

31. Total Ordinary expenditure under all heads thus shows an increase of about 28½ lakhs (£189,000) as compared with the Budget of the current year.

C.—TOTAL EXPENDITURE, ORDINARY PLUS SPECIAL.

32. The following tables compare the total military expenditure under the various heads, as provided in the Budget and Revised Estimates of the current year and in the Budget for 1907-1908:—

		Budget, 1906-1907.	Revised, 1906-1907.	Budget, 1907-1908.
		R	R	R
Rupee figures.	Army—			
	Home	8,40,42,000	8,44,50,000	7,13,61,000
	India	21,36,59,000	21,30,32,000	21,89,03,000
	Total	29,77,01,000	29,74,82,000	29,02,64,000
	Marine—			
	Home	47,11,000	50,35,000	38,32,000
	India	41,99,000	40,55,000	35,50,000
	Total	89,10,000	90,90,000	73,82,000
	Military Works—			
	Home	4,56,000	9,30,000	4,05,000
	India	1,70,85,000	1,59,59,000	1,84,82,000
	Total	1,75,41,000	1,68,89,000	1,88,87,000
	Special Defences—			
	Home	14,40,000	7,20,000	3,00,000
	India	20,33,000	14,00,000	18,85,000
Total	34,73,000	21,20,000	21,85,000	
Total under all heads—				
Home	9,06,49,000	9,11,35,000	7,58,98,000	
India	23,69,76,000	23,44,46,000	24,28,20,000	
GRAND TOTAL	32,76,25,000	32,55,81,000	31,87,18,000	

		£	£	£
Sterling figures.	Army—			
	Home	5,602,800	5,630,000	4,757,400
	India	14,243,900	14,202,100	14,593,500
	Total	19,846,700	19,832,100	19,350,900
	Marine—			
	Home	314,000	335,700	255,500
	India	280,000	270,300	236,700
	Total	594,000	606,000	492,200
	Military Works—			
	Home	30,400	62,000	27,000
	India	1,139,000	1,063,900	1,232,100
	Total	1,169,400	1,125,900	1,259,100
	Special Defences—			
	Home	96,000	48,000	20,000
	India	135,500	93,300	125,700
Total	231,500	141,300	145,700	
Total under all heads—				
Home	6,043,200	6,075,700	5,059,900	
India	15,798,400	15,629,600	16,188,000	
GRAND TOTAL	21,841,600	21,705,300	21,247,900	

33. The Budget for 1907-1908 shows a total decrease of about 89 lakhs (£594,000) as compared with the Budget for 1906-1907. There is a decrease of 117½ lakhs (£783,000) in Special expenditure, partly counterbalanced by an increase of nearly 28½ lakhs (£189,000) under Ordinary. The latter is accounted for by the increases in Army and Military Works charges explained above.

34. It may be noted that the principal sub-heads of *Army Expenditure in India*, known technically as "grants," are as follows in the order of their financial importance, the amounts provided under each for 1907-1908 being given to the nearest lakh of rupees:—

1. Regimental pay and allowances (Grant 3)	10,76
2. Supply and Transport (Grant 4)	4,91
3. Ordnance establishments, stores and camp equipment (Grant 10)	1,50
4. Pensions and other non-effective charges (Grants 16—20)	1,01
5. Medical establishments, supplies and services (Grant 9)	90
6. Army and Garrison staff (mainly the cost of establishments at Army Head-Quarters and of Commands, Divisions and Brigades) (Grant 1)	63
7. Remount and Veterinary establishments, supplies and services (Grant 5)	60
8. Clothing establishments, supplies and services (Grant 6)	33
9. Miscellaneous services (Grant 14)	28
10. Volunteer Corps (Grant 15)	26
11. Military Accounts Department, in which is also included the cost of the Military personal staff of the Viceroy, Provincial Governors and Lieutenant-Governors (Grant 2)	23

The existing system of distribution by grants is, however, not as satisfactory as it might be, as it does not bring out with sufficient clearness the administrative character of the expenditure involved: for example, Grant 4, Supply and Transport, includes a number of charges with which the Supply and Transport Corps has nothing to do. Measures are now being taken for revising the grants so as to make these correspond more clearly with the financial responsibilities of the spending departments and the Divisions of Army Head-Quarters.

D.—MILITARY RECEIPTS.

35. The following statements compare the receipts taken in the Budget of 1907-1908 with those of the Budget and Revised Estimates of the current year:—

	Budget, 1906-1907.	Revised, 1906-1907.	Budget, 1907-1908.
	₹	₹	₹
Army	1,59,68,000	1,67,30,000	1,59,57,000
Marine	21,45,000	19,16,000	10,26,000
Military Works	7,10,000	7,50,000	7,32,000
TOTAL	1,88,23,000	1,93,96,000	1,77,15,000
	£	£	£
Army	1,064,500	1,115,300	1,063,800
Marine	143,000	127,700	68,400
Military Works	47,300	50,000	48,800
TOTAL	1,254,800	1,293,000	1,181,000

36. As compared with the current year's budget, the only noticeable variation is under *Marine*, which shows a decrease of more than 11 lakhs (£74,000), due mainly to the change in accounting referred to in paragraph 27, *supra*.

E.—NET MILITARY EXPENDITURE.

37. The following figures show the aggregate net military expenditure under all heads estimated for in the current year as compared with the Budget and Revised Estimate figures for 1906-1907:—

	Budget, 1906-1907.	Revised, 1906-1907.	Budget, 1907-1908.
	₹	₹	₹
Gross expenditure	32,76,25,000	32,55,81,000	31,87,18,000
Receipts	1,88,23,000	1,93,96,000	1,77,15,000
Net expenditure	30,88,02,000	30,61,85,000	30,10,03,000
	₤	₤	₤
Gross expenditure	21,841,600	21,705,300	21,247,900
Receipts	1,254,800	1,293,000	1,181,000
Net expenditure	20,586,800	20,412,300	20,066,900

W. S. MEYER.

CALCUTTA :
The 20th March 1907.

APPENDIX III.

Memorandum by the Railway Board

ON THE

Results of Indian Railway Working 1906-1907 and Proposals for 1907-1908.

CAPITAL EXPENDITURE.

The capital expenditure during the year 1906-1907 will amount to R14,61,16,000 (£9,741,100) being nearly a crore in excess of the expenditure for the year 1905-1906.

2. The expenditure in 1905-1906 includes a sum of approximately 114½ lakhs advanced to the Delhi-Umballa-Kalka Railway Company for the construction of the Kalka-Simla railway, and adjusted against the head "48—State Railways, Construction" on purchase of the railway from the Company by Government. Excluding this special item, the increase over the expenditure in 1905-1906 will be nearly 2¼ crores.

3. For the year 1907-1908 these figures have been greatly reduced. The estimate provides for spending a sum of 13½ crores (£9,000,000), a reduction of 10 per cent. on the provision of last year.

4. Under the head of lines already open, including the provision for additional rolling stock, the amount expended in 1906-1907 will be 919½ lakhs (£6,129,300), showing an advance of about 151 lakhs over the expenditure under the same head for the previous year. Under the same heads in 1907-1908 provision is made for 1,013½ lakhs (£6,755,000), an increase of about 10 per cent.

5. A comparison showing capital expenditure for 1907-1908 and the previous five years is contained in the following statement:—

	Lines already open, including additional rolling stock.	LINES UNDER CONSTRUCTION.		Total.	Equivalen in sterling.
		Started in previous years.	Started in current year.		
	Lakhs.	Lakhs.	Lakhs.	Lakhs.	£
1902-1903 (actual expenditure)	4,81.74	4,52.50	71.52	10,05.76	6,705,064
1903-1904 (" ")	5,58.77	3,13.68	84.62	9,57.07	6,380,468
1904-1905 (" ")	5,02.76	4,86.91	88.62	10,78.29	7,188,600
1905-1906 (" ")	7,68.19	5,49.46	32.26	13,49.91	8,999,430
1906-1907 (latest grants)	9,19.39	5,10.20	31.57	14,61.16	9,741,100
1907-1908 (proposed grants)	10,13.24	3,36.76	...	13,50.00	9,000,000

6. The information showing in detail how the expenditure in 1906-1907 and 1907-1908 will be distributed is contained in statement A attached to this memorandum.

The programme for 1907-1908 as originally framed contemplated an outlay of R15 crores. Financial considerations, however, necessitated its reduction to R12 crores, for which figure it received Secretary of State's sanction. It was subsequently increased by R1½ crores and now stands at R13½ crores.

7. The mileage of lines of all gauges open to traffic on 1st April 1906 was 28,611 and under construction 2,534; on 1st April 1907 there will be 29,571 open and 2,535 under construction. At the end of the coming year there will be 1,703 miles under construction.

RAILWAY REVENUE ACCOUNT.

8. The Railways of India, taken as a whole, have for a succession of years shown a balance to the credit of general revenues, after allowing for working expenses, interest on capital expended, charges for annuities in redemption of capital and miscellaneous railway expenditure. The following table shows the approximate figures for 1906-1907 compared with the actual results for the previous five years:—

[Figures in rupees, omitting 000.]

	Gross receipts.	Working expenses.	Interest charges, etc.	Surplus of Revenue over expenditure.	Equivalent in sterling.
	R	R	R	R	£
<i>Actuals—</i>					
1901-1902	30,33,90	14,23,85	14,83,06	1,26,99	846,600
1902-1903	30,20,08	14,74,08	15,11,66	34,34	228,900
1903-1904	32,33,68	15,56,72	15,47,86	1,29,10	860,700
1904-1905	36,03,37	16,94,32	15,93,23	3,15,82	2,105,500
1905-1906	36,89,12	*16,95,16	16,93,67	3,00,29	2,001,900
<i>Estimate—</i>					
1906-1907	39,71,89	19,14,29	17,33,96	3,23,64	2,157,800

* NOTE.—The figures to end of 1904-1905 include the Companies' shares of surplus profits, now shown under interest charges, etc.

Compared with the results of the previous year the figures for 1906-1907 show an improvement of R23,35,000 (£155,900). The receipts are more by 2,82,77,000 (£1,885,200), the working expenses are higher by R2,19,13,000 (£1,460,900), while interest charges, etc., have increased by R40,29,000 (£268,400).

GROSS RECEIPTS.

9. In 1905-1906 the gross receipts of railways showed a large improvement over those of the previous year consequent on the opening of new lines, development of passenger traffic on existing lines, and larger movements of food grains as a result of scarcity in Guzerat, Kathiawar, Central India and certain districts in the Madras and Bombay Presidencies. The improvement was general on all railways with the exception of the North Western railway, on which there was a falling-off of over 60 lakhs due mainly to short exports of wheat to Europe owing to the uncertainty as to the prospects of the wheat crops of 1906-1907.

10. In the current year while there has been a set-back in the earnings of the Great Indian Peninsula railway due to a falling-off in traffic in raw cotton, wheat and other grains, the earnings from other railways have continued to expand, notably under goods traffic of the East Indian railway, and in jute and grain traffic on the Eastern Bengal State railway, the latter being the result of scarcity in Eastern Bengal. The earnings of the Indian Midland railway also show a phenomenal increase due to large movements of food grains and other merchandise, while those of the North Western railway are expected to reach practically the same figures as were obtained in 1904-1905.

11. The more important increases are :—

	R
East Indian	38,69,000
Eastern Bengal State	40,01,000
Indian Midland	24,22,000
North Western	61,88,000

The principal decrease being :—

Great Indian Peninsula	19,22,000
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WORKING EXPENSES.

12. The increase in working expenses during the year 1906-1907 is estimated to amount to Rs 2,19,13,000 (£1,460,900). This increase to a large extent is due to increased traffic on certain lines of which the North-Western, Eastern Bengal State and Indian Midland railways are the most prominent examples.

These three lines will have earned more than a crore and a quarter of rupees (£833,300) in excess of their earnings during the previous year, and this increase in earnings necessitates increased working expenses.

13. That working expenses would tend to increase was indicated by the Railway Board in their memorandum of last year. The reasons that were given for their opinion apply now as when written a year ago.

14. Railways in India have now to run faster trains, provide better carriages, improve the conditions under which third class passengers are carried, introduce a more elaborate system of signalling, and generally conduct their business under more up-to-date methods than were in use in the past.

15. Some of these improvements will lead to increased revenue. Some will not, but have to be provided to meet the public demands.

16. The cost of many of these improvements being in the nature of renewals has to fall to a considerable extent on revenue.

17. During the period this raising of the standard is being carried out working expenses must rise, though in the end, under some items, more economical working should be secured.

18. To enable railways to carry the heavy traffic offering the permanent-way has to be improved and girders strengthened. Most lines now when making branches wish to use their light main line rails in these branches and renew the main line with heavier rails.

19. This is a sound business arrangement, but carrying out the policy indicated means that revenue has to renew before the rail itself is nearly worn out. The result is increased debits to revenue for a time, causing increased working expenses. The Board hope that a practical solution may be found to meet this difficulty, so that working expenses may be steadied and not liable to unnecessary fluctuations.

NEW LINES TO BE CONSTRUCTED.

20. Owing to the reduction in the programme, the heavy demands on account of open lines, and the large mileage of lines at present under construction, no expenditure on new lines is proposed during the year 1907-1908.

OPEN LINE REQUIREMENTS.

21. The total amount allotted during 1907-1908 to open lines, *viz.*, 1,013½ lakhs (£6,755,000) out of a total for the year of 1,350 lakhs (£9,000,000), has been divided between general open line requirements and additional rolling stock requirements approximately as follows :—

	Lakhs.
1907-1908 { Open line requirements	445½
{ Rolling stock	568

This shows a decrease of 64 lakhs under open line requirements and an increase of 186 lakhs under rolling stock, in comparison with the provision made under these heads in 1906-1907, the figures for which were as follows:—

	Lakhs.
1906-1907 { Open line requirements	509
{ Rolling stock	382

ROLLING STOCK.

22. In their memorandum on the Budget last year, the Railway Board definitely stated that the then standard of equipment of Indian Railways in the matter of rolling stock was below the requirements. Acting on this opinion they made the very large provision of 382 lakhs, to be spent for rolling stock during the year 1906-1907, and this money has all been spent. The sum of 382 lakhs represents in sterling about $2\frac{1}{2}$ million pounds and was $\frac{2}{3}$ of a million pounds sterling more than the allotment provided for 1905-1906.

23. For the ensuing year 1907-1908, they have made a provision of 568 lakhs or about $3\frac{1}{2}$ million sterling for rolling stock, which provision has met in full the demands of all railways for grants for rolling stock for that year.

This increased provision of rolling stock, coupled as it is with the necessity for providing additional sums for open line works, to enable the increased stock to be worked efficiently, has exhausted the funds at the Board's disposal, with the result that no new lines can be put in hand, until next year at the earliest.

24. The Railway Board are as fully aware, as the public are, of the urgent necessity for more rolling stock, and have consistently done as much as they were able, with the funds placed at their disposal.

COMMUNICATION BETWEEN PASSENGERS AND GUARD OF A TRAIN.

25. The provision of an effective means of communication between passengers and the guard being a matter that seriously affects the safety of the travelling public, orders were issued by the Railway Board for the adoption on all railways in India of the type of communication now in general use in England. The North Western, Oudh and Rohilkhand and Eastern Bengal State railways were instructed to at once provide this means of communication on new and rebuilt stock, and to fit the communication to the existing stock of all classes as rapidly as possible. The work of fitting the existing carriages of Companies' railways is, with certain exceptions, required to be completed within two years from the date of the order.

GENERAL.

26. In order to encourage imports into tracts suffering from fodder famine the administration of the North Western railway was instructed to help the movement of *bhusa* from the Punjab, and specially from the canal colonies, by quoting low rates. Rates were accordingly reduced by them, and the Oudh and Rohilkhand, East Indian, Bombay, Baroda and Central India, Jodhpur-Bikaner and Gwalior Light railways followed suit. These reductions resulted in great benefit to the famine-stricken tracts.

27. Attention is invited to statements B and C attached to this memorandum which contain information of interest.

F. R. UPCOTT,
Chairman.

W. H. WOOD,
Member.

T. R. WYNNE,
Member.

The 16th March 1907.

GOVERNMENT OF INDIA FOR 1907-1908.

III

STATEMENT A IN APPENDIX III.

STATEMENT

OF

Anticipated Capital Expenditure on Railways, Open and under Construction,
for the year 1907-1908.

Branch lines under rebate terms are excluded.

FINANCIAL STATEMENT OF THE
CAPITAL EXPENDITURE ON RAILWAYS, 1907-1908.

(Figures in lakhs and decimals of lakhs.)

No.	RAILWAY.	Grants allotted for 1906-1907.	Distribution of grants during 1907-1908.
A.—OPEN LINES.			
I. (i)—STATE, BY STATE AGENCY.			
Eastern Bengal—			
1	Main line	} 58'13	91'79
2	Murshidabad branch		
3	Kaunia-Bonarpara		
4	Jodhpur-Hyderabad (British section)	0'14	—0'18
North Western—			
5	Main line	184'16	159'27
6	Jech-Doab (Southern section)	7'09	1'18
7	Kalka-Simla	45'94	5'07
8	Rohri-Samasata, doubling	39'34	13'65
9	Shahdara-Sangla	8'01	2'65
Oudh and Rohilkhand—			
10	Main line	26'04	22'08
11	Allahabad-Jaunpur	4'50	1'66
12	Warora Colliery	—1'68	...
13	Reserve . . . . .	...	163'42
Total Open Lines, State, by State Agency		374'44	470'59
I. (ii)—STATE, BY AGENCY OF COMPANIES.			
14	Assam-Bengal	25'15	25'04
Bengal and North-Western—			
15	Tirhoot	} 22'25	} 16'96
16	Sakri-Jainagar		
Bombay, Baroda and Central India—			
17	Main line	15'39	15'03
18	Palanpur-Deesa	0'02	...
19	Rajputana-Malwa	35'41	27'23
20	Rewari-Phulera	3'60	0'24
East Indian—			
21	Main line	160'10	102'45
22	Agra Junction-Belinganj	10'00	3'01
Great Indian Peninsula—			
23	Main line	49'54	94'18
24	Agra-Delhi chord	4'64	2'25
25	Bhopal-Itarsi (British section)	13'91	1'70
Madras—			
26	Nilgiri	0'53	1'20
27	North-East line	6'80	14'52
Nizam's Guaranteed State—			
28	Bezwada extension	0'03	0'03
Carried over		334'37	305'40

CAPITAL EXPENDITURE ON RAILWAYS, 1907-1908—*contd.*

(Figures in lakhs and decimals of lakhs.)

No.	RAILWAY.	Grants allotted for 1906-1907.	Distribution of grants during 1907-1908.
	Brought forward	₹ 334'37	₹ 305'40
	A.—OPEN LINES—<i>concl'd.</i>		
	I. (ii)—STATE, BY AGENCY OF COMPANIES—<i>concl'd.</i>		
	South Indian—		
29	Main line	27'00	28'25
30	Travancore branch (Native State section)	0'03	0'20
31	" " (British section)	0'20	0'20
	Southern Mahratta—		
32	Guntakal-Mysore Frontier	0'05	0'10
	Total Open Lines, State, by Agency of Companies	361'65	334'15
	II.—FROM CAPITAL OF OLD GUARANTEED COMPANIES.		
	Madras—		
33	Main line	22'92	26'70
34	Calicut-Azhikal	12	0'40
35	Bombay, Baroda and Central India	11	...
	Total Open Lines, Old Guaranteed Companies	23'15	27'10
	III.—FROM CAPITAL OF COMPANIES OTHER THAN OLD GUARANTEED COMPANIES.		
	Bengal-Nagpur—		
36	Main line		9'71
37	Midnapur-Jherriah	} 89'91	} 90'18
38	Satpura (Jubbulpur-Gondia)		
39	Sini-Midnapur-Cuttack-Calcutta		
	Burma—		
40	Main line	45'02	42'60
	Great Indian Peninsula—		
41	Indian Midland	12'44	24'91
	Rohilkund and Kumaon—		
42	Lucknow-Bareilly	2'18	4'55
	Southern Mahratta—		
43	Main line	7'74	9'15
44	Mysore Section	2'82	...
	Total Open Lines, other Companies	160'11	181'10
	IV.—FROM CAPITAL OF BRANCH LINE COMPANIES WITH FIRM GUARANTEE.		
45	Hardwar-Dehra	0'04	0'30
	Total Open Lines, Branch Line Companies	0'04	0'30

FINANCIAL STATEMENT OF THE
CAPITAL EXPENDITURE ON RAILWAYS, 1907-1908—contd.

(Figures in lakhs and decimals of lakhs.)

No.	RAILWAY.	Length.	Amount of estimate or approximate cost.	Outlay to end of 1905-1906.	Grants allotted during 1906-1907.	Distribution of grants during 1907-1908.		
		Miles.	R	R	R	R		
B.—CONSTRUCTION OF LINES.								
I. (i)—STATE, BY STATE AGENCY.								
<i>Lines in Progress.</i>								
46	Coonoor-Ootacamund	12	24'40	9'07	6'58	4'50		
Eastern Bengal—								
47	Forbesganj-Nepal Frontier	6'5	2'22	0'65	1'07	0'17		
48	Golakganj-Gauhati	151	93'26	54'81	29'40	20'02		
49	Katihar-Godagari	105	104'86	36'60	35'50	18'00		
Nagda-Muttra—								
50	Main line	344	298'11	82'39	137'00	67'00		
51	Baran-Kotah	40	37'59	1'07	19'00	13'00		
North-Western—								
52	Khushalgarh-Kohat conversion and Indus Bridge	34	31'92	11'16	11'19	5'32		
53	Kohat-Thal conversion	57	30'32	}	4'42	2'00		
54	Thal-Parachinar	59'6	85'22					
55	Lodhran-Khanewal	56	45'15	...	7'80	15'72		
56	Loi-Shilman	38	100'00	8'70	21'79	6'00		
57	Shorkot Road-Chichoki	131	81'34	...	4'45	17'28		
58	Quetta-Nushki	83	90'06	85'12	2'46	...		
TOTAL		...	1,024'45	289'57	280'66	169'01		
I. (ii)—STATE, BY AGENCY OF COMPANIES.								
<i>Lines in Progress.</i>								
Assam Bengal—								
59	Akhaura-Bhairab Bazar	19	14'30	1'79	1'84	4'05		
60	Kalaura-Khooseara	16	7'80	...	0'29	4'09		
Bengal and North-Western—								
61	Tirhoot extensions	209	117'43	92'96	23'50	10'38		
Burma—								
62	Daga Loop	66	40'05	}	52'82	9'00		
63	Henzada-Kyangin	66	54'59				18'64	3'45
64	Pegu-Moulmein	122	112'88				65'65	21'05
East Indian—								
65	Bhagalpur-Bausi	31	23'31	1'87	3'00	} 37'73		
66	Gya-Hariharpur	100	144'69	} 192'16	15'00			
67	Hariharpur-Barakar	48	74'54		6'00			
68	Hooghly-Katwa	65	58'46	1'45	5'00			
69	Khurja-Hapur	39	25'98	13'19	14'00			
70	Katwa-Barharwa	103	86'37	...	0'70			
71	Ondal-Sainthia	45	43'55	37'15	6'20			
Great Indian Peninsula—								
72	Harbour Branch	8	45'61	6'98	8'67	9'77		
73	Warora-Bellarpur	38	31'94	16'07	14'13	1'50		
Carried over		...	881'50	447'91	151'15	101'02		

CAPITAL EXPENDITURE ON RAILWAYS, 1907-1908—*contd.*

(Figures in lakhs and decimals of lakhs.)

No.	RAILWAY.	Length.	Amount of estimate or approximate cost.	Outlay to end of 1905-1906.	Grants allotted during 1906-1907.	Distribution of grants during 1907-1908.
		Miles.	₹	₹	₹	₹
	Brought forward		881'50	447'91	151'15	101'02
	B.—CONSTRUCTION OF LINES—<i>concl'd.</i>					
	I. (ii)—STATE, BY AGENCY OF COMPANIES—<i>concl'd.</i>					
	<i>Lines in Progress—concl'd.</i>					
	Madras—					
74	Azhikal-Mangalore	77	129'05	106'21	20'30	3'49
	Southern Mahratta—					
75	Dhone-Kurnool (section of Hyderabad-Guntakal, No. 58)	32	11'32	...	1'00	4'00
	South Indian—					
76	Rameswaram Extension	12	35'19	4'90	'91	...
	TOTAL	...	1,057'06	559'02	173'36	108'51
	II.—FROM CAPITAL OF OLD GUARANTEED COMPANIES	...	...	...	...	...
	III.—FROM CAPITAL OF COMPANIES OTHER THAN OLD GUARANTEED COMPANIES.					
	<i>Lines in Progress.</i>					
	Bengal-Nagpur—					
77	Gondia-Chanda	223	109'39	3'33	41'61	25'50
78	Kampti-Ramtek	17	7'42	...	4'37	1'74
79	Nainpur-Mandla	32	11'55	...	1'17	5'00
80	Pench Valley	29	16'53	8'93	2'30	0'50
81	Purulia-Ranchi	72	39'83	2'66	21'43	10'50
82	Raipur-Vizianagram	311	250'42	...	7'37	10'00
	TOTAL	...	435'14	14'92	78'25	53'24
	IV.—FROM CAPITAL OF BRANCH LINE COMPANIES WITH FIRM GUARANTEE	...	...	...	...	...
	V.—FROM CAPITAL OF LOCAL BOARDS.					
	<i>Lines in Progress.</i>					
83	Bezwada-Masulipatam	50	22'93	4'00	9'50	6'00
	TOTAL	...	...	...	14,61'16	13,50'00

FINANCIAL STATEMENT OF THE
CAPITAL EXPENDITURE ON RAILWAYS, 1907-1908—*concl'd.*

(Figures in lakhs and decimals of lakhs.)

No.	RAILWAY.	Distribution of grants for 1907-1908.		
		₹	₹	
	ABSTRACT BY OPEN LINES AND CONSTRUCTION.			
	A.—CAPITAL FOR OPEN LINES.			
	I. (i) State, by State agency	470'59		
	I. (ii) State, by agency of Companies	334'15		
	II. Old Guaranteed Companies	27'10		
	III. Other Companies	181'10		
	IV. Branch Line Companies	0'30		
	TOTAL OPEN LINES		10,13'24	
	B.—CAPITAL FOR LINES IN PROGRESS AND NEW LINES.			
	I. (i) State, by State agency	169'01		
	I. (ii) State, by agency of Companies	108'51		
	II. Old Guaranteed Companies . . . . .	...	
	III. Other Companies	53'24		
	IV. Branch Line Companies . . . . .	...	
	V. Local Boards	6'00		
	TOTAL LINES IN PROGRESS AND NEW LINES		336'76	
	GRAND TOTAL		13,50'00	
	ABSTRACT SHOWING DISTRIBUTION BY FUNDS.			
I.—From Imperial Funds.	(i) State, by State agency	{ (a) Open Lines	470'59	
		{ (b) Construction	169'01	
		Total (i)		639'60
	(ii) State, by agency of Companies	{ (a) Open Lines	334'15	
		{ (b) Construction	108'51	
		Total (ii)		442'66
		TOTAL I		10,82'26
	II.—From Capital of old Guaranteed Companies.	{ (a) Open Lines	27'10	
		{ (b) Construction	
		TOTAL II		27'10
III.—From Capital of Companies other than old Guaranteed Companies.	{ (a) Open Lines	181'10		
	{ (b) Construction	53'24		
	TOTAL III		234'34	
IV.—From Capital of Branch Line Companies with firm Guarantee.	{ (a) Open Lines	0'30		
	{ (b) Construction . . . . .	...	
	TOTAL IV		0'30	
V.—From Capital of Local Boards	{ (a) Open Lines . . . . .	...	
	{ (b) Construction	6'00		
	TOTAL V		6'00	
	TOTAL, I TO V	{ (a) Open Lines	10,13'24	
		{ (b) Construction	336'76	
	GRAND TOTAL	13,50'00	13,50'00	

STATEMENT B IN APPENDIX III.

Statement showing proposed lines which are under negotiation for construction by private Companies.

No.	NAME OF RAILWAY.	Length.	Estimated cost.
		Miles.	R -
<i>Bombay—</i>			
1	Dholka-Dhandhuka-Ranpur	58	Not stated.
2	Idar Road to Bramhakhed	32	Do.
3	Mirpur Khas -Jhudo	46	(a)
<i>Bombay and Hyderabad (Nizam's)—</i>			
4	Tadwale to atur	37	Not stated.
<i>Eastern Bengal and Assam—</i>			
5	Mymensingh <i>via</i> Netrokona to Bara-Ari, with branch from Shambhuganj to Gauripur	36	22,16,000
6	Singhjani <i>via</i> Sherpur to Nalatabari	25	12,39,000
7	Sirajganj-Ullapara	18	11,00,000
<i>Madras—</i>			
8	Tinnevely-Tiruchendur	38	20,52,000
<i>Punjab—</i>			
9	Rawalpindi-Murree, with extensions to Kuldana and Gharial	40	36,89,000
<i>Punjab and Rajputana—</i>			
10	Borawar-Hissar	180	33,07,790

(a) £55,000 (or Rs. 8,25,000 at Rs.1:15=£1) is proposed to be raised for the construction of this line.

STATEMENT C IN APPENDIX III.
Memorandum on the Construction of Railways.

Open lines on 1st April 1906.

	Miles.	Miles.
(i) Eastern Bengal	497.85	4,831.85
North Western	(a) 2,268.85	
Oudh and Rohilkhand	(b) 1,165.05	
Agra-Delhi Chord (c)	125.81	7,363.02
Bengal-Nagpur	1,689.76	
Bezawada Extension (d)	20.58	
Bhopal-Itarsi (British section) (e)	13.11	
Bombay, Baroda and Central India	(f) 504.35	
East Indian	1,999.79	
Godhra-Rutlam-Nagda (f)	141.14	
Great Indian Peninsula	1,561.63	
Indian Midland (e)	809.66	
Madras (North-East line) (g)	(h) 497.19	
Madras	...	904.01
Hardwar-Dehra (i)	...	22.04
South Behar (j)	78.76	814.07
Southern Punjab (k)	425.33	
Southern Punjab (Ludhiana) Extension (k)	154.50	
Tapti Valley (f)	155.48	162.26
A. Delhi-Umballa-Kalka (j)	...	
B. Tarkesan (j)	...	22.23
Bhopal-Itarsi (Native State section) (e)	44.28	711.23
Bhopal-Ujjain (e)	113.27	
Bina-Goonna-Baran (e)	145.63	
Kolar Gold-fields (g)	9.88	
Nagda-Ujjain (f)	24.32	
Nizam's Guaranteed State	330.14	
Petlad-Cambay (Anand-Tarapur section) (f)	21.50	
Petlad-Cambay (Tarapur-Cambay section) (f)	12.31	
Jammu and Kashmir (Native State section) (k)	15.98	
Ludhiana-Dhuri-Jakhal (k)	78.66	
Rajpura-Bhatinda (k)	107.05	
Cawnpore-Burhwal (Mixed gauge link)	(i) 79.60	852.38
Eastern Bengal—	...	
Behar, Koonia-Dhubri and Northern sections (including the British section of the Sonvabari extension and the Ranaghat-Krishnagar and Teesta-Kurigram branches)	686.86	
Dacca section	85.92	
Assam Bengal	775.28	
Bellary-Rayadrug (m)	33.35	
Burma	1,240.15	
Guntakal-Mysore frontier (m)	119.50	
Hospet-Kottar (m)	43.06	
Jodhpur-Hyderabad (British section) (n)	122.98	
Lucknow-Bareilly (o)	237.04	
Mysore section (Southern Mahratta) (m)	296.22	
Nilgiri (g)	16.99	
Palanpur-Deesa (f)	17.28	
Rajputana-Malwa (f)	(p) 1,782.28	
South Indian	1,123.05	
Southern Mahratta	1,042.04	
Tinnevely-Quilon (Travancore) (British section) (g)	50.48	
Tirhoot (v)	613.20	
Tanjore District Board (g)	...	99.46
Ahmedabad-Dholka (f)	33.50	126.89
Ahmedabad-Parantij (f)	54.70	
Mymensingh-Jamalpur-Jagannathganj (p)	50.69	
A. Rohilkhand and Kumaon	...	109.92
B. Dibru-Sadiya	...	77.50
C. Bengal-Dooars	...	36.40
D. Bengal and North-Western Bengal Dooars Extensions	923.86	1,045.21
Deoghur	116.56	
Deoghur	4.79	
Deo and Tikak-Margherita (p)	...	8.50
Bhavnagar-Gondal-Junagad-Portbandar	(u) 234.19	1,326.63
Bikaner	245.35	
Dhrangadra (v)	20.83	
Jamnagar (v)	(w) 54.22	
Jetalpur-Rajkot (v)	46.21	
Jodhpur	463.89	
Morvi	(x) 94.64	
Udaipur-Chitor	67.30	
Birur-Shimoga (m)	37.92	
Gaekwar's Mehsana (f)	92.68	
Hindupur (Yeavantpur-Mysore frontier) (m)	51.26	
Hyderabad-Godavari Valley (d)	391.13	
Jalpur (f)	32.18	
Kolhapur (m)	29.27	
Mysore-Nanjangud (m)	15.20	
Shoranur-Cochin (g)	64.75	
Tinnevely-Quilon, (Travancore) (Native State section) (g)	57.98	
Vijapur-Kalol-Kadi (f)	41.37	
Karakal-Peralam (g)	14.65	
Pondicherry (g)	7.85	
West of India Portuguese (m)	51.10	
Dandot Light (2' 0") (k)	6.18	168.41
Jorhat (2' 0")	20.25	
Khushalgarh-Kohat-Thal (2' 6") (k)	91.73	
Nowshera-Durgal (2' 6") (k)	40.25	
Jubbulpore-Gondia Extension (2' 6") (g)	245.05	
Kalka-Simla (2' 6")	58.44	
Morappur-Dharmapuri (2' 6") (g)	18.14	
Raipur-Dhamtari (2' 6") (g)	56.24	
Tirupattur-Krishnagiri (2' 6") (g)	25.28	
A. Darjeeling-Himalayan (2' 0")	51.00	
Thatoe-Duyinzak (2' 6")	7.76	
Baraset-Basirhat Light (2' 6")	28.06	
Bokhtiarpur-Bihar Light (2' 6")	18.50	
B. Howrah-Amra Light (2' 0")	37.19	
Howrah-Sheekhala Light (2' 0")	19.75	
Tezpur-Balipara Light (2' 6")	20.10	
C. Bari Light (2' 6")	27.93	
Powayan Light (2' 6") (o)	39.50	
Tarakeshwar-Magra Light (2' 6")	...	33.27
A. Cutch (2' 6")	...	11.86
Gaekwar's Dabhol (2' 6") (f)	94.49	372.42
Gwalior Light (2' 0") (e)	183.53	
M. urbbhanj (2' 6") (j)	32.41	
Parlakimedi Light (2' 6") (g)	24.62	
Rajpilla (2' 6") (f)	37.27	
C. Cooch Behar (2' 6") (i)	...	33.60

At the commencement of 1906-1907, i.e., on the 1st April 1906, the total length of railways open for traffic was 28,611.07 miles, made up as follows:—

	Miles.	Miles.
5' 6" gauge—		
(i) State lines worked by the State	4,931.85	
(ii) State lines worked by companies	7,363.02	
(iii) Companies' lines guaranteed by Government under the old contracts	904.01	
(iv) Companies' lines guaranteed by Government under modern contracts	32.04	
(v) Branch line companies' railways assisted by Government under "Rebate" terms	814.07	
(vi) Assisted companies' lines—		
A. Subsidized by the Government of India	162.36	
B. Receiving land only from Government	22.23	
	184.59	
(vii) Native State lines—		
A. Worked by companies	711.23	
B. Worked by State railway agency	201.69	
	913.02	
	15,142.60	
3' 3 3/4" gauge—		
(viii) State lines worked by the State	852.38	
(ix) State lines worked by companies	7,614.00	
(x) District Boards' lines	99.46	
(xi) Branch line companies' railways assisted by Government under "Rebate" terms	138.89	
(xii) Assisted companies' lines—		
A. Subsidized by the Government of India	109.92	
B. Subsidized by Local Governments	77.50	
C. Subsidized by District Boards	36.40	
D. Receiving land only from Government	1,045.21	
	1,269.03	
(xiii) Unassisted companies' lines	8.50	
(xiv) Native State lines—		
A. Worked by Native States	1,326.63	
B. Worked by companies	814.38	
	2,141.01	
(xv) Lines in Foreign Territory	73.60	
	12,196.87	
Special (2' 6" and 2' 0") gauges—		
(xvi) State lines worked by the State	168.41	
(xvii) State lines worked by companies	404.25	
(xviii) Assisted companies' lines—		
A. Subsidized by Local Governments	58.76	
B. Subsidized by District Boards	121.60	
C. Receiving land only from Government	67.43	
	247.79	
(xix) Unassisted companies' lines	33.27	
(xx) Native State lines—		
A. Worked by Native States	11.86	
B. Worked by companies	372.42	
C. Worked by State railway agency	33.60	
	417.88	
	1,271.60	
TOTAL		28,611

(a) Includes 5.61 miles of military line not used for public traffic and 26.28 miles of mixed (5' 6" and 3' 3/4") gauge line between Bhatinda and Kot Kapura, worked over by the North Western State and Rajputana-Malwa railways.
(b) Includes 10.79 miles of mixed (5' 6" and 3' 3/4") gauge line between Burhwal and Bara Banki, 0.59 mile on the Cawnpore Bridge and 1.81 mile of 3' 3/4" gauge line between the Oudh and Rohilkhand State Railway Cantonment and the Bengal and North-Western Railway City stations at Benares.
(c) Worked by the Great Indian Peninsula Railway Company.
(d) Worked by His Highness the Nizam's Guaranteed State Railways Company.
(e) Includes 30.23 miles of 3' 3/4" gauge line between Virangam and Wadhwan.
(f) Worked by the Bombay, Baroda and Central India Railway Company.
(g) Worked by the Madras Railway Company.
(h) Includes 1.0 mile of mixed (5' 6" and 3' 3/4") gauge line between Bezawada and Kirtna Block but and 1.07 mile of 3' 3/4" gauge line between Kirtna Block but and Tadepalli.
(i) Worked by the Oudh and Rohilkhand State railway.
(j) Worked by the East Indian Railway Company.
(k) Worked by the North Western State railway.

(l) Excludes 3.66 miles of the Lucknow-Bareilly railway between Alibhagh and Daliganj, worked over, but includes 16.79 miles of mixed (5' 6" and 3' 3/4") gauge line between Burhwal and Bara Banki and 0.59 mile of the Oudh and Rohilkhand State railway on the Cawnpore bridge.
(m) Worked by the Southern Mahratta Railway Company.
(n) Worked by the Jodhpur-Bikaner railway.
(o) Worked by the Rohilkhand and Kumaon Railway Company.
(p) Includes 2.10 miles at Ujjain, 3.07 miles between Agra Cantonment and Junna East Bank and 0.94 mile between Lahori Gate Cabin and Brewery Cabin, Delhi, laid on the 5' 6" gauge, and 26.28 miles of mixed (5' 6" and 3' 3/4") gauge line between Kot Kapura and Bhatinda, worked over by the Rajputana-Malwa and North Western State railways.
(q) Worked by the South Indian Railway Company.
(r) Worked by the Bengal and North-Western Railway Company.
(s) Worked by the Eastern Bengal State railway.
(t) Worked by the Assam Railways and Trading Company.
(u) Includes 5.23 miles of Bhavnagar Dock estates and Junagad quarry lines.
(v) Worked by the Bhavnagar-Gondal-Junagad-Portbandar railway.
(w) Includes 3.03 miles of the Bedi Bandar Dock estate lines.
(x) Includes 20.70 miles of 2' 6" gauge line between Vankar and Morvi.
(y) Worked by the Bengal-Nagpur Railway Company.

And the mileage under construction or sanctioned for construction on the same date, was 3,304.98 miles, as follows:—

5' 6" gauge—

	Miles.	Miles.	
(i) State lines worked by the State	690.56		
(ii) State lines worked by companies	916.22		
(iii) Branch line companies' railways assisted by Government under "Rebate" terms	26.85		
		<u>1,633.63</u>	

3' 3 1/2" gauge—

(iv) State lines worked by the State	227.37		
(v) State lines worked by companies	425.38		
(vi) District Boards' lines	49.50		
(vii) Assisted companies' lines—		Miles.	
A. Subsidized by the Government of India	92.00		
B. Subsidized by Local Governments	8.50		
C. Receiving land only from Government	95.23		
		<u>195.73</u>	
(viii) Native State lines worked by companies	82.78		
		<u>980.76</u>	

Special (2' 6" and 2' 0") gauges—

(ix) State lines worked by the State	6.80		
(x) State lines worked by companies	329.66		
(xi) Assisted companies' lines—		Miles.	
A. Subsidized by District Boards	12.50		
B. Receiving land only from Government	208.32		
		<u>220.82</u>	
(xii) Native State lines—			
A. Worked by Native States	44.63		
B. Worked by companies	66.66		
C. Worked by State railway agency	22.02		
		<u>133.31</u>	
		<u>690.59</u>	
TOTAL		<u>3,304.98</u>	

There was thus a grand total of railways completed and in hand, on the 1st April 1906, of miles 31,916.05

Lines under construction and sanctioned on 31st March 1906.

		Miles.	Miles.	Miles.
(i) Eastern Bengal—				
Kakurgachi Chord		2.25		
Lalgolia to Lalgolia Ghât		2.75		
Panchooria to the Ganges river (a)		6.00		11.00
Nagda-Mutra—				
Kotah to Baran		40.00		
Nagda to Muttra		343.88		383.88
North Western—				
Kacha Garhi to mile 23		23.00		
Lodhran to Khanewal		56.69		
Sargoda to Shorkot Road		103.14		
Shahdara to Sangla		55.35		238.08
Oudh and Rohilkhand—				
Phaphaman to Zafarabad				57.50
Azhikal-Mangalore				77.27
Bengal-Nagpur—				
Bhojudih to Hartharpur		25.64		
Bhojudih to Parthadihi		2.28		
Branch line near Kanoodih		1.87		
Vizianagram to Raipur		310.62		340.51
East Indian—				
Agra direct access		1.75		
Barharwa to Katwa		99.14		
Bhagalpur to Bausi		31.04		
Borachuk to Sodepur		4.50		
Chord line between the East Indian and Oudh and Rohilkhand State railways near Moghal Sarai		1.19		
Ghât line to Dhanlan		1.06		
Ghât line to Sajimpura		2.50		
Hooghly to Katwa		65.20		418.11
Khurja to Hapur		38.87		
Munpur to Dhanbaid		121.49		
Mile 170 1/2 from Howrah on the Jharua branch to Chandore		4.16		
Nagri to Kasunda		1.59		
Ondal to Sainthia		43.62		
Great Indian Peninsula—				
Kurla to Mazagaon		6.51		
Mahim link		1.32		
Warora to Bellarpur		27.59		45.42
Madras (North-East line)—				
Korukkuppattal to Basu Bridge				0.85
Salem-Attur (b)				36.06
(ii) Amritsar-Patti				28.85

(iv) Eastern Bengal—				
Forbesganj to the Nepal Frontier				6.50
Katihar to Godagari				105.00
Kokrajhar to the Brahmaputra river opposite Gauhati				115.87
Assam-Bengal—				
Akhaura to Ashuganj		19.00		
Kalaura to the Khoosara river		16.00		35.00
Burma—				
Thamaing to Malagaon				6.70
Burma Extensions—				
Henzada to Kyangin		65.66		
Pegu to Martaban (b)		121.27		186.93
Nilgiri—				
Coonoor to Ootacamund				11.50
(v) South Indian—				
Mandapam to Rameswaram Temple		10.12		
Tangachimadam to Port Amphithil		1.71		
Tirupachattai to Sivaganga		9.00		20.83
Tirhoot—				
Bairagnia-Narkatiaganj		58.05		
Bhagalpur Kachery to Bhagalpur		0.79		
Mansi to Bhaptiahi		60.37		161.42
Narkatiaganj to Bagaha		26.60		
Saharsa to Murliganj		18.61		
(vi) Berwada-Masulipatam				4.50
(vii) A. Rohilkund and Kumaon—				
Lalkua to Kashipur				45.00
Moradabad to Ramnagar				47.00
(vii) B. Dibru-Sadiya—				
Talap to Saikhoa Ghât				8.50
(vii) C. Bengal and North-Western—				
Dharonda to Maharajanj				3.90
Gainsari to Jarwa				12.56
Gorakhpur to Bagaha				60.91
Savan to Thawe				17.83
(viii) Gackwar's Mehsana—				
Chausama to Bechrâji		16.74		
Manand Road to Harij		21.37		38.11
(viii) Jaipur—				
Nawai to Siwal Madhopur				40.67
(viii) Sangli—				
Miraj to Sangli Town				4.00

(ix) Jullundur-Kapurthala-Sultanpur (British section) (c)—				
Jullundur to the British Frontier				6.80
(x) Gondia-Chanda (2' 6")—				
Gondia to Chanda		148.85		
Panni (Brahmapuri) to Nagpur		63.75		212.40
(x) Jabulpore-Gondia Extension (2' 6")—				
Khiradoh to Burkuhi		5.08		
Khiradoh to Sirgora		7.76		
Nainpur to Mandia		32.14		44.98
(x) Purulia-Ranchi (2' 6")—				
A. Howrah-Amra Light (2' 0")—				
Autpur to Champadanga (b)				9.00
Autpur to Rajbulhat (b)				3.50
(xi) B. Bansi Light (2' 6")—				
Bansi Road Junction to Pandharpur		30.67		
Kuslamb to Tadwale		20.36		51.03
(xi) B. Dwara-Therria Light (2' 6")—				
Dwara to Maolong (d)		13.50		
Maolong to Therria Ghât (b)		6.00		19.50
(xi) B. Matheran (2' 0")—				
Neral to Matheran				12.79
(xi) B. Shahdara (Delhi)-Saharanpur Light (2' 6")—				
Baraut to Meerut		30.00		
Shahdara to Saharanpur		95.00		125.00
(xi) B. Catch (2' 6")—				
Anjar to Bhuj		25.38		
Dholpur-Bari (2' 6")		19.25		44.63
(xii) B. Gwalior Light (2' 6")—				
Sabalgarh to Shiopur				66.66
(xii) C. Jullundur-Kapurthala-Sultanpur (Native State section)—				
Sultanpur to the British Frontier (c)				22.02

(a) Constructed but not worked.
(b) Commencement of work not authorized.

(c) Commencement of work not authorized and question of gauge not finally settled.
(d) Completion deferred.

New Lines authorized.

	Miles.	Miles.	Miles.
(i) North Western— Shorkot Road to Chichoki	120.80	190.40	278.88
Thal to Parachinar	58.60		
(i) Oudh and Rohilkhand— Balaman to Sitapur	37.12	88.48	
Rosa to Sitapur	51.36		
(ii) Bengal-Nagpur— Kamptee to Ramtek	14.74	61.27	70.58
Kandri branch	2.53		
Sini to Gurumainini	4.10		
(ii) East Indian— Toposi to Baraboni		9.31	
<hr/>			
(iii) Burma— Neikhan to Begayet		66.25	103.21
Hospet-Kottur— Ramandrug Junction to Ramanamalai		4.96	
Kurnool Road-Kurnool		32.00	
(iv) Bengal and North-Western— Burbwal to Sitapur			59.80
(v) Gaskwar's Mehsana— Kheralu to Dabhora			7.73

Lines opened or likely to be opened.

(vi) Eastern Bengal— Kakergachi Chord	2.25	158.64	219.07
North Western— Shahdara to Sangla	55.50		
Shorkot Road to Sargoda	103.14		
Oudh and Rohilkhand— Phaphaman to Zafarabad	58.18		
(vii) Ashikal-Mangalore	77.27	27.61	350.91
Bengal-Nagpur— Bhojudih to Gomoh (Hartharpur)	25.64		
Branch line near Khanoodih	1.97		
(vii) East Indian— Khurja to Hapur	38.87	207.59	
Manpur to Dhanbald	122.17		
Tetlmari (Nagri) to Kasunda	1.59		
Oodal to Sainthia	44.96		
(vii) Great Indian Peninsula— Warora to Beltharpur		37.59	
(viii) Madras (North-East line)— Korukkuppattal to Basin Bridge		0.85	
(viii) Amritsar-Patti			27.49
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(ix) Hospet-Kottur— Ramandrug Junction to Ramanamalai	4.96	6.95	174.56
South Indian— Pambar beach to Rameswaram			
(ix) Tirhoot— Bairagnia to Narkatiaganj	58.05	162.65	
Mani to Baptdahi	60.37		
Narkatiaganj to Bagaha	25.62		
Saharsa to Muriganj	18.61		
(x) Tanjore District Board— Arantangi Quarry branch (a)			3.90
(xi) Mymensingh-Jamulpur-Jagannathganj— New line laid at Jagannathganj (a)			2.53
(xii) Bengal and North-Western— Dharonda to Maharajganj	3.90	92.14	
Ganbari to Jarwa	9.47		
Gorakhpur to Bagaha	60.94		
Savan to Thawe	17.83		
(xiii) Sangli— Miraj to Sangli			4.44
<hr/>			
(xiv) Jubbalpore-Gondia Extension (2' 6")— Nhir-adoh to Barkuhi	5.08	12.84	13.62
Khirsadoh to Sirgora	7.76		
(xiv) Raipur-Dhamtari (2' 6")— Rajim to Rajim Town (a)		0.78	
(xv) Barsi Light (2' 6")— Bar-i Road Junction to Pandharpur	30.21	50.57	63.18
Kuslamb to Tadwale	20.36		
(xv) Matheran (2' 0")		12.61	

During 1906-1907, i.e., from 1st April 1906 to the 31st March 1907, 520.20 miles of new railway have been authorized as follows:—

	Miles.	Miles.
<i>5' 6" gauge—</i>		
(i) State lines worked by the State	278.88	
(ii) State lines worked by companies	70.58	
		349.46
<i>3' 3 3/8" gauge—</i>		
(iii) State lines worked by companies	103.21	
(iv) Assisted companies' lines receiving land only from Government	59.80	
(v) Native State lines worked by companies	7.73	
		170.74
TOTAL		520.20

And 951.84 miles have been, or are likely to be, opened to public traffic as follows:—

	Miles.	Miles.
<i>5' 6" gauge—</i>		
(vi) State lines worked by the State	219.07	
(vii) State lines worked by companies	350.91	
(viii) Branch line companies' railways assisted by Government under "Rebate" terms	27.49	
		597.47
<i>3' 3 3/8" gauge—</i>		
(ix) State lines worked by companies	174.56	
(x) District Board's lines	3.90	
(xi) Branch line companies railways assisted by Government under "Rebate" terms	2.53	
(xii) Assisted companies' lines receiving land only from Government	92.14	
(xiii) Native State lines worked by companies	4.44	
		277.57
<i>Special (2' 6" and 2' 0") gauges—</i>		
(xiv) State lines worked by companies	13.62	
(xv) Assisted companies' lines receiving land only from Government	63.18	
		76.80
TOTAL		951.84

* Correction of mileage.

(a) These lines are not shown as under construction at the beginning of the year as no intimation was received of their being under construction.

The total length of open line at the commencement of 1907-1908, i.e. on the 1st April 1907, will, therefore, be 29,571'32" miles, comprising—

5' 6" gauge—		Miles.	Miles.
(i) State lines worked by the State		5,150'92	
(ii) State lines worked by companies		7,720'15	
(iii) Companies' lines guaranteed by Government under the old contracts		904'01	
(iv) Companies' lines guaranteed by Government under modern contracts		32'04	
(v) Branch line companies' railways assisted by Government under "Rebate" terms		842'11	
(vi) Assisted companies' lines—			
A. Subsidized by the Government of India	Miles.	162'36	
B. Receiving land only from Government		22'23	
(vii) Native State lines—		184'59	
A. Worked by companies		711'32	
B. Worked by State railway agency		201'69	
		913'01	
		15,746'83	

3' 3 3/4" gauge—		Miles.	Miles.
(viii) State lines worked by the State		852'94	
(ix) State lines worked by companies		7,781'52	
(x) District Boards' lines		103'36	
(xi) Branch line companies' railways assisted by Government under "Rebate" terms		141'42	
(xii) Assisted companies' lines—			
A. Subsidized by the Government of India	Miles.	117'87	
B. Subsidized by Local Governments		77'50	
C. Subsidized by District Boards		36'40	
D. Receiving land only from Government		1,137'42	
		1,369'19	
(xiii) Unassisted companies' lines		8'50	
(xiv) Native State lines—			
A. Worked by Native States	Miles.	1,326'63	
B. Worked by companies		818'82	
		2,145'45	
(xv) Lines in Foreign Territory		73'60	
		12,475'98	

Special (2' 6" and 2' 0") gauges—		Miles.	Miles.
(xvi) State lines worked by the State		227'85	
(xvii) State lines worked by companies		358'74	
(xviii) Assisted companies' lines—			
A. Subsidized by Local Governments	Miles.	58'76	
B. Subsidized by District Boards		121'60	
C. Receiving land only from Government		130'61	
		310'97	
(xix) Unassisted companies' lines		33'27	
(xx) Native State lines—			
A. Worked by Native States	Miles.	11'67	
B. Worked by companies		372'41	
C. Worked by State railway agency		33'60	
		417'68	
		1,348'51	
TOTAL		29,571'32	

Open lines on 1st April 1907.		Miles.	Miles.
(i) Eastern Bengal		500'20	
(i) North Western		(a) 3,427'49	5,150'92
Oudh and Rohilkhand		(b) 1,223'23	
Agra-Delhi Chord (e)		123'99	
Azhikal-Mangalore (d)		77'27	
Bengal-Nagpur		1,723'63	
Bezawada Extension (e)		29'58	
Bhopal-Itarsi (British section) (c)		13'11	
(ii) Bombay, Baroda and Central India		504'35	7,720'15
East Indian		2,206'96	
Godhra-Rutlam-Nagda (g)		141'14	
Great Indian Peninsula		1,589'22	
Indian Midland (c)		809'86	
Madras (North-East line) (d)		498'04	
(iii) Madras			
(iv) Hardwar-Dehra (f)			904'01
Amritsar-Patti (j)		27'49	32'04
South Behar (k)		78'76	
(v) Southern Punjab (l)		425'33	842'11
Southern Punjab (Ludhiana) Extension (j)		155'05	
Tapti Valley (g)		155'48	
(vi) Delhi-Umballa-Kalka (k)			162'36
B. Tarkessur (k)			22'23
(vii) Bhopal-Itarsi (Native State section) (c)		44'28	
Bhopal-Ujjain (e)		113'27	
Bina-Goonna-Baran (e)		145'62	
Kolar Gold-fields (d)		9'88	
Nagda-Ujjain (g)		34'32	711'32
Nizam's Guaranteed State		330'14	
Petlad-Cambay (Anand-Tarapur section) (g)		21'50	
Petlad-Cambay (Tarapur-Cambay section) (g)		12'30	
Jammu and Kashmir (Native State section) (j)		15'68	
Ludhiana-Uhuri-Jakhal (j)		78'68	201'69
Rajpara-Bhatinda (j)		107'05	
(viii) Cawnpore-Burhwal (Metre gauge link)		(h) 79'60	
(viii) Eastern Bengal			
Behar, Kaunia-Dhubri and Northern sections (including the British section of the Santrabari Extension and the Ranaghat-Krishnagar and Tosta-Kurigram branches)		687'42	852'94
Dacca section		85'92	
Assam-Bengal		775'28	
Bellary-Rayadrug (m)		33'35	
Burma		1,340'15	
Guntakul-Mysore frontier (m)		119'50	
Hospet-Kottur (m)		48'02	
Jodhpur-Hyderabad (British section) (n)		123'98	
Lucknow-Bareilly (o)		237'04	
(ix) Mysore section (Southern Mahratta) (m)		296'22	7,781'52
Nigiri (d)		16'99	
Palanpur-Deesa (g)		17'28	
Rajputana-Malwa (g)		(p) 1,774'36	
South Indian		1,120'00	
Southern Mahratta		1,042'04	
Tinnevely-Quilon (Travancore) (British section) (q)		50'48	
Tirhoot (r)		776'83	
(x) Tanjore District Board (q)			103'36
(xi) Ahmedabad-Dholka (g)		33'50	
Ahmedabad-Paranthij (g)		54'70	141'42
Mymensingh-Jamalpur-Jagannathganj (r)		53'22	
A. Rohilkund and Kumaon			117'87
B. Dibru-Sadiya			77'50
C. Bengal-Doonars			36'40
(xii) Bengal and North-Western		1,016'07	1,137'42
Bengal-Doonars Extensions		116'56	
Deoghur		4'79	
(xiii) Ledo and Tikak-Margherita (t)			8'50
Bhavnagar-Gondal-Junagad-Forbandar	(u) 334'19		
Bikaner	245'35		
Dhrangadra (v)	20'83		
Jamnagar (v)	54'22	1,326'63	
Jatalsar-Rajkot (v)	46'21		
Jodhpur	463'89		
Morvi	(w) 194'64		
Udaipur-Chitor	67'30		
(xiv) Birur-Shimoga (m)		3'92	
Gaekwar's Mehsana (g)		92'63	
Hindupur (Yeswanpur-Mysore frontier) (m)		51'35	
Hyderabad-Godavari Valley (e)		391'13	
Jaipur (g)		32'18	
Kolhapur (m)		29'27	818'82
Mysore-Nanjangud (m)		15'80	
Sangli (m)		4'44	
Shoranur-Cochin (d)		64'75	
Tinnevely-Quilon (Travancore) (Native State section) (q)		57'98	
Vijapur-Kalol-Kadi (g)		41'37	
(xv) Karaikkal-Peralam (q)		14'65	
Pondicherry (q)		7'85	73'60
West of India Portuguese (m)		51'10	
(xvi) Dandot Light (2' 0") (j)		6'18	
Jorhat (2' 0")		30'25	
Kalka-Simla (2' 6") (j)		59'44	227'85
Khushalgarh-Kohat-Thal (2' 6") (j)		91'73	
Nowshera-Durgai (2' 6") (j)		40'25	
Jubbulpore-Gondia Extension (2' 6") (j)		257'89	
Kalka-Simla (2' 6")			
(xvii) Morappur-Dharmapuri (2' 6") (d)		18'53	358'74
Raipur-Dhamtari (2' 6") (y)		56'94	
Tirupattur-Krishnagiri (2' 6") (d)		25'38	
A. Darjeeling-Himalayan (2' 0")		51'00	
Thaton-Duyinzalk (2' 6")		7'76	58'76
Baraset-Basirhat Light (2' 6")		26'06	
Bukhtiarpur-Bihar Light (2' 6")		18'50	
(xviii) B. Howrah-Amta Light (2' 0")		37'19	121'60
Howrah-Sheakhala Light (2' 0")		19'75	
Tezpur-Balpara Light (2' 6")		30'10	
C. Bansi Light (2' 6")		78'50	
Matheran (2' 0") (e)		12'61	130'61
Powayan Light (2' 6") (o)		39'50	
(xix) Tarakeswar-Magra Light (2' 6")			33'27
A. Cutch (2' 6")			11'67
Gaekwar's Dabhoi (2' 6") (g)		91'48	
Gwalior Light (2' 0") (e)		183'53	
(xx) B. Mourbhau (2' 6") (y)		32'41	372'41
Parlakmedi Light (2' 6") (y)		24'62	
Rajpipla (2' 6") (g)		37'37	
C. Cooh Behar (2' 6") (t)			33'60

(a) See foot-note (a) on page 1.
 (b) See foot-note (b) on page 1.
 (c) Worked by the Great Indian Peninsula Railway Company.
 (d) Worked by the Madras Railway Company.
 (e) Worked by His Highness the Nizam's Guaranteed State Railways Company.
 (f) Includes 39'13 miles of 3' 3 3/4" gauge line between Viramgam and Wadhwan.
 (g) Worked by the Bombay, Baroda and Central India Railway Company.
 (h) See foot-note (h) on page 1.
 (i) Worked by the Oudh and Rohilkhand State railway.
 (j) Worked by the North Western State railway.
 (k) Worked by the East Indian Railway Company.
 (l) See foot-note (l) on page 1.
 (m) Worked by the Southern Mahratta Railway Company.
 (n) Worked by the Jodhpur-Bikaner railway.
 (o) Worked by the Rohilkund and Kumaon Railway Company.
 (p) See foot-note (p) on page 1.
 (q) Worked by the South Indian Railway Company.
 (r) Worked by the Bengal and North-Western Railway Company.
 (s) Worked by the Eastern Bengal State railway.
 (t) Worked by the Assam Railways and Trading Company.
 (u) Includes 5'13 miles of Bhavnagar Dock estates and Junagad quarry lines.
 (v) Worked by the Bhavnagar-Gondal-Junagad-Forbandar railway.
 (w) Includes 3'03 miles of the Bedi Bandar Dock estate lines.
 (x) Includes 20'70 miles of 2' 6" gauge line between Vankaner and Morvi.
 (y) Worked by the Bengal-Nagpur Railway Company.
 (z) Made over to the North Western State Railway Administration for working from the 1st January 1907.

Correction of mileage.	28,611'07
† Made up as follows—	951'84
Open at the commencement of 1906-1907	29,562'91
Opened during 1906-1907	3'24
Add—	5'17
Nalkera-Mohuda section of the Bengal-Nagpur railway, hitherto excluded	
Net increase due to corrections of mileage	5'17
TOTAL	29,571'32

Lines under construction and sanctioned on 31st March 1907.

And the mileage under construction or sanctioned for construction on the 31st March 1907 will be 2,873·17 miles, made up as follows:—

	Miles.	Miles.	Miles.
Eastern Bengal— Lalgola to Lalgola Ghat Panchoria to the Ganges river (a)	2·75 } 6·00 }	8·75	
Nagda-Muttra— Kotah to Baran Nagda to Muttra	40·00 } 343·98 }	383·98	
North Western— Kacha Garhi to mile 23 Khushalgarh bridge and approaches Lodhran to Khanewal Shorkot Road to Chichoki Thal to Parachinar	23·00 } 3·63 } 56·59 } 130·80 } 59·60 }	273·62	754·83
Oudh and Rohilkhand— Balamau to Sitapur Rosa to Sitapur	37·12 } 51·36 }	88·48	
Bengal-Nagpur— Kamptee to Ramtek Kamri branch Sini to Gurumaiabini Vizianagram to Raipur	11·74 } 2·53 } 41·00 } 310·62 }	371·89	
East Indian— Agra direct access Hathwa to Katwa Bhagalpur to Bausi Borachuk to Sodepur Chord line between the East Indian and Oudh and Rohilkhand State railways near Moghal Sarai Ghat line to Dhulian Ghat line to Sajjimpura Hooghly to Katwa Mile 170½ from Howrah on the Jharia branch to Chandore Toposi to Baraboni	1·75 } 69·14 } 31·04 } 4·50 } 1·19 } 1·06 } 2·50 } 65·20 } 4·16 } 9·31 }	219·85	635·63
Great Indian Peninsula— Kurla to Mazagaon Mahim link Salem-Attur (b)	6·51 } 1·32 } 36·06 }	7·83	
Eastern Bengal— Forbesganj to the Nepal Frontier Kathar to Godagari Kokrajhar to the Brahmaputra river opposite Gauhati	6·50 } 105·00 } 115·87 }	221·37	
Assam Bengal— Akhaura to Ashuganj Kalaura to the Khooseara river	19·00 } 16·00 }	35·00	
Burma— Neikban to Begayet Thamalong to Malagaon	66·25 } 6·70 }	72·95	
Burma Extensions— Henzada to Kyangin Pegu to Martaban	65·63 } 121·27 }	186·90	
Kornool Road-Kurnool Nilgiri— Coonoor to Ootacamund	32·00 } *11·75 }	353·20	
South Indian— Portion of the Rameswaram extension Tangachimadam to Fort Ampthill Tiruppathetrai to Sivaganga	3·17 } 1·71 } 9·00 }	13·88	
Tirhoot— Bhagalpur Kachery to Bhagalpur	0·79		
Bezawada-Masulipatam			*49·47
A. Rohilkhand and Kumaon— Lalkua to Kashipur Moradabad to Ramesgarh	*36·43 } *47·69 }	84·12	
B. Dibru-Sadiya— Tala to Saikhoa Ghat			8·50
C. Bengal and North-Western— Burhwal to Sitapur			59·80
Gackwar's Mehsana— Chansama to Bechraji Kheral to Dabhora Mannud Road to Harji	16·74 } 7·73 } 21·37 }	45·84	
Jalpur— Nawal to Siwal Madhopur	*40·65		86·49
Jullundur-Kapurthala-Sultanpur (British section) (c)— Jullundur to the British frontier			6·80
Gondia-Chanda (a' 6")— Gondia to Chanda (b) Pauai (Brahmapuri) to Nagpur (b)	148·85 } 63·75 }	212·60	
Jubbulpore-Gondia Extension (a' 6")— Nainpur to Mandia Purulia-Ranchi (a' 6")	32·14 } 72·28 }	316·82	
A. Howrah-Amta Light (a' 6")— Ampur to Champadanga (b) Ampur to Rajbulhat (b)	9·00 } 3·50 }	12·50	
Dwara-Therria Light (a' 6")— Dwara to Masolong (d) Masolong to Therria Ghat (b)	13·50 } 6·00 }	19·50	
B. Shahdara (Delhi)-Saharanpur Light (a' 6")— Baraut to Meerut Shahdara to Saharanpur	20·00 } 95·00 }	125·00	144·50
A. Catch (a' 6")— Anjar to Bhuj Dholpur-Bari (a' 6")	25·28 } 19·25 }	44·53	
B. Gwalior Light (a' 6")— Sabalgarh to Sitapur			*66·29
C. Jullundur-Kapurthala-Sultanpur (Native State section)— Sultaapur to the British Frontier (a)			22·02

	Miles.	Miles.	Miles.
5' 6" gauge—			
(i) State lines worked by the State			754·83
(ii) State lines worked by companies			635·63
			<u>1,390·46</u>
3' 3½" gauge—			
(iii) State lines worked by the State			227·37
(iv) State lines worked by companies			353·30
(v) District Boards' lines			49·47
(vi) Assisted companies' lines—			
A. Subsidized by the Government of India			84·12
B. Subsidized by Local Governments			8·50
C. Receiving land only from Government			59·80
			<u>152·42</u>
(vii) Native State lines worked by companies			86·49
			<u>869·05</u>
Special (a' 6" and a' 0") gauges—			
(viii) State lines worked by the State			6·80
(ix) State lines worked by companies			316·82
(x) Assisted companies' lines—			
A. Subsidized by District Boards			12·50
B. Receiving land only from Government			144·50
			<u>157·00</u>
(xi) Native State lines—			
A. Worked by Native States			44·63
B. Worked by companies			66·39
C. Worked by State railway agency			22·02
			<u>133·04</u>
			<u>613·66</u>
TOTAL			<u>2,873·17</u>

Making a grand total of railways completed and in hand, at the commencement of 1907-1908 of miles † 32,444·49

And showing, after allowing for lines abandoned and corrections of mileage, an advance on the previous year of miles 528·44

(a) Constructed but not worked.
 (b) Commencement of work not authorized.
 (c) Commencement of work not authorized and question of gauge not finally settled.
 (d) Completion deferred.
 * Correction of mileage.

† Made up as follows:—
 Completed and in hand at the beginning of 1906-1907 Miles. 31,918·05
 Sanctioned during 1906-1907 520·20
 Add—
 Malkera-Mohuda section of the Bengal-Nagpur railway hitherto excluded 3·24
 Khushalgarh bridge and approaches, North Western State Railway, hitherto excluded 3·63
 Net increase due to corrections of mileage 3·65
 32,446·77
 Deduct—
 Phojudih-Parthadhi link of the Bengal-Nagpur railway abandoned 2·28
32,444·49

It is expected that the following lengths of unfinished line will be opened for public traffic in 1907-1908:—

	Miles.	Miles.	Miles.
5' 6" gauge—			
(i) State lines worked by the State	144'88		
(ii) State lines worked by companies	26'85		
		171'73	
3' 3 1/2" gauge—			
(iii) State lines worked by the States	36'00		
(iv) State lines worked by companies	217'68		
(v) District Boards' lines	49'47		
(vi) Assisted companies' lines subsidized by the Government of India	84'12		
(vii) Native State lines worked by companies	86'49		
		473'76	
Special (2' 6" and 2' 0") gauges—			
(viii) State lines worked by companies	72'28		
(ix) Assisted companies' lines receiving land only from Government	95'00		
(x) Native State lines worked by Native States	19'25		
		186'53	
TOTAL			832'02

Leaving the undermentioned lines for completion in 1908-1909 or later:—

	Miles.	Miles.	Miles.
5' 6" gauge—			
(xi) State lines worked by the State	609'95		
(xii) State lines worked by companies	608'78		
		1,218'73	
3' 3 1/2" gauge—			
(xiii) State lines worked by the State	191'37		
(xiv) State lines worked by companies	135'62		
(xv) Assisted companies' lines—			
A. Subsidized by Local Governments	8'50		
B. Receiving land only from Government	59'80		
		68'30	
		395'29	
Special (2' 6" and 2' 0") gauges—			
(xvi) State lines worked by the State	6'80		
(xvii) State lines worked by companies	244'54		
(xviii) Assisted companies' lines—			
A. Subsidized by District Boards	12'50		
B. Receiving land only from Government	49'50		
		62'00	
(xix) Native State lines—			
A. Worked by Native States	25'38		
B. Worked by companies	66'39		
C. Worked by State railway agency	22'02		
		113'79	
		427'13	
TOTAL			2,041'15

(i)	Eastern Bengal— Lalgola to Lalgola Ghat	Miles. 2'75	Miles. 144'28
	Nagda-Muttra— Nagda to Kotah	Miles. 138'50	
	North Western— Khushalgarh bridge and approaches	Miles. 3'63	
(ii)	Bengal-Nagpur— Kamptee to Ramtek Kandri branch	Miles. 14'74 2'53	Miles. 17'27
	East Indian— Agra direct access	Miles. 1'75	Miles. 26'85
	Great Indian Peninsula— Kurli to Mazagaon Mahim link	Miles. 8'51 1'32	Miles. 7'83
(iii)	Eastern Bengal— Forbeganj to the Nepal Frontier Kokrajhar to Bijni	Miles. 6'50 29'50	Miles. 33'00
(iv)	Assam-Bengal— Akhaura to Ashuganj	Miles. 19'00	
	Burma Extensions— Henzada to Kyauing Pegu to Martaban	Miles. 65'66 121'27	Miles. 186'93
	NIlgiri— Coonoor to Ootacamund	Miles. 11'75	
(v)	Bezawada-Masulipatam		Miles. 49'47
(vi)	Rohilkhand and Kumaon— Lalkus to Kashipur Moradabad to Ramnagar	Miles. 36'43 47'69	Miles. 84'12
(vii)	Gackwar's Mehsana— Chausama to Bechrail Kerala to Dabhora Manund Road to Harij	Miles. 16'74 7'73 21'37	Miles. 45'84
	Jalpur— Nawai to Siwai Madhopur	Miles. 40'65	Miles. 86'49
(viii)	Purulia-Ranchi (2' 6")		Miles. 72'28
(ix)	Shabdara (Delhi)-Saharanpur Light (2' 6")— Shabdara to Saharanpur		Miles. 95'00
(x)	Dholpur-Bari (2' 6")		Miles. 19'25
(xi)	Eastern Bengal— Panchooria to the Ganges river (a)	Miles. 6'00	
	Nagda-Muttra— Kotah to Baran Kotah to Muttra	Miles. 40'00 205'48	Miles. 245'48
(xii)	North Western— Kacha Garhi to mile 33 Lodhran to Khanewal Shorkot Road to Chichoki Thal to Parachinar	Miles. 23'00 56'59 130'60 59'60	Miles. 269'99
	Oudh and Rohilkhand— Balamao to Sitapur Rosa to Sitapur	Miles. 37'12 51'26	Miles. 88'38
(xiii)	Bengal-Nagpur— Sini to Gorumaisihini Vizianagram to Raipur	Miles. 44'00 310'62	Miles. 354'62
	East Indian— Barharwa to Katwa Bhagalpur to Bausi Borachuck to Sodepur Chord line between the East Indian and Oudh and Rohilkhand State Railways near Moghal Sarai	Miles. 99'14 31'04 4'50	
(xiv)	Ghat line to Dhullian Ghat line to Sajjpara Hooghly to Katwa Mile 17 1/2 from Howrah on the Jbaria branch to Chandore Toposi to Baraboni	Miles. 1'19 1'06 2'50 65'20 4'16 9'31	Miles. 218'10
	(Salem-Attur (b))		Miles. 36'06
(xv)	Eastern Bengal— Bijni to the Brahmaputra river opposite Gauhati Kathihar to Godagari	Miles. 86'37 105'00	Miles. 191'37
(xvi)	Assam-Bengal— Kalausa to the Khooseara river	Miles. 16'00	
	Burma— Neikbau to Begayet Thamaing to Malagaon	Miles. 66'25 6'70	Miles. 72'95
(xvii)	Kurnool Road-Kurnool	Miles. 32'00	Miles. 135'62
	South Indian— Portion of the Rameswaram extension Tangachimadam to Port Amptill Tiruppachettai to Sivagunga	Miles. 3'17 1'71 8'00	Miles. 13'88
	Tirhoot— Bhagalpur-Kachery to Bhagalpur		Miles. 0'79
(xviii)	A. Dibru-Sadiya— Talap to Saikhoa Ghat		Miles. 8'50
	B. Bengal and North-Western— Burbwal to Sitapur		Miles. 59'80
(xix)	Jullundur-Kaporthala-Sultanpur (British section)— Jullundur to the British Frontier (c)		Miles. 6'80
(xx)	Gondia-Chanda (2' 6")— Gondia to Chanda (b) Panni (Brahmapuri) to Nagpur (b)	Miles. 148'65 63'75	Miles. 212'40
	Jubbulpore-Gondia Extension (2' 6")— Nainpur to Mandla		Miles. 32'14
(xxi)	A. Howrah-Amta Light (2' 6")— Autpur to Champadanga (b) Autpur to Rajbulhat (b)		Miles. 9'00 3'50
	B. Dwara-Therria Light (2' 6")— Maolong to Maolong (d) Maolong to Therria Ghat (b)	Miles. 13'50 6'00	Miles. 19'50
	Shabdara (Delhi)-Saharanpur Light (2' 6")— Baraut to Meerut		Miles. 30'00
(xxii)	A. Cutch (2' 6")— Anjar to Bhuj		Miles. 25'38
	B. Gwalior Light (2' 6")— Sabalgarh to Shippur		Miles. 66'39
	C. Jullundur-Kaporthala-Sultanpur (Native State section)— Sultanpur to the British Frontier (e)		Miles. 22'02

(a) Constructed but not worked.
 (b) Commencement of work not authorized.
 (c) Commencement of work not authorized and question of gauge not finally settled.
 (d) Completion deferred.

GOVERNMENT OF INDIA FOR 1907-1908.

125

APPENDIX IV.

	1898-99.	1899-1900.	1900-1901.
Recorded Revenue compared with recorded expenditure excluding Capital Expenditure on Public Works not charged against Revenue—			
Surplus	£ 2,640,873	£ 2,774,623	£ 1,670,204
Deficit	£ ...	£ ...	£ ...
Capital Expenditure on Public Works not charged against Revenue*	£ 3,279,316	£ 4,093,159	£ 4,040,958
Ditto charge involved in Redemption of Liabilities	£ ...	£ ...	£ 5,922,350
Net Public Debt incurred	£ 2,553,052	£ -121,298	£ 10,827,153
Net Public Debt incurred, including Capital transactions with Guaranteed Railways and other Companies	£ 1,169,161	£ -787,763	£ 12,173,251
Value of commodities exported, excluding Gold and Silver R	1,12,80,00,000	1,09,08,30,000	1,07,71,80,000
Ditto imported, ditto ditto R	72,10,20,000	75,30,40,000	80,89,50,000
Excess of Exports over Imports, excluding Gold and Silver R	40,69,80,000	33,77,90,000	26,82,30,000
Net Imports of Gold R	6,50,30,000	9,44,00,000	84,20,000
Ditto of Silver R	3,98,10,000	3,57,70,000	9,50,70,000
TOTAL NET IMPORTS OF GOLD AND SILVER R	10,48,40,000	13,01,70,000	10,34,90,000
Excess of Exports over Imports including Gold and Silver R	30,21,40,000	20,76,20,000	16,47,40,000
Grand Total value of Imports and Exports of all kinds R	2,10,20,80,000	2,13,31,80,000	2,27,41,70,000
Secretary of State's Bills sold (Rupees) R	28,01,63,671	28,48,00,943	19,98,37,693
Sterling Equivalent received R	18,692,377	19,067,022	13,300,277
Silver coined at the Indian Mints R	69,83,650	2,22,59,751	17,26,48,724
Maximum price in pence of an oz. troy, standard Silver in London	28½ (Sept.)	29 (Apl.)	30½ (Oct.)
Minimum ditto ditto	25½ (Apl.)	26½ (Oct.)	27½ (Apl.)
Average Exchange upon Secretary of State's Bills sold per rupee	1s. 3'9784d.	1s. 4'0676d.	1s. 3'9733d.
Fixed rate of Exchange for the Adjustment of Transactions between the Indian and Imperial Treasuries	1s. 3½d.	1s. 4d.	1s. 4d.
Maximum rate of discount on Loans on demand at the Bank of Bengal, Calcutta	12 (Apl. 1—27)	8 (Oct. 17 to 25 and Jan. 11 to Mar. 14).	8 (Feb. 7 to Mar. 20).
Minimum rate of discount on Loans on demand at the Bank of Bengal, Calcutta	4 (July 28 to Sept. 7).	4 (July 6 to Sept. 13).	3 (July 5 to Aug. 8).
Maximum rate of discount at the Bank of England	4 (Apl. and May Oct. to Jan.)	6 (Nov. 30 to Jan. 10).	5 (Jan. 3 to Feb. 1).
Minimum ditto ditto	2½ (July to Sept.)	3 (Apl. to July 12).	3 (June 14 to July 18).
Maximum Government balances at the three Presidency Banks R	3,48,23,000 (Aug.)	4,16,05,000 (June)	3,31,13,000 (Jan.)
Minimum ditto ditto R	2,76,74,000 (Nov.)	2,58,60,000 (Nov.)	2,59,78,000 (Nov.)
Maximum price in Calcutta of Government 4 per cent Rupee Securities . . . . .	...	...	...
Minimum ditto ditto . . . . .	...	...	...
Maximum price in Calcutta of Government 3½ per cent Rupee Securities (Guaranteed)	101—11 (Feb. 22)	101—9 (May 3 and 4 and 25 to 27).	97—12 (Oct. 24)
Minimum ditto ditto	92—10 (Apl. 22)	92—4 (Oct. 6)	93—11 (July 28)
Maximum price in Calcutta of 3 per cent Rupee Securities	95—8 (Mar. 15 to 17 and 22).	95—8 (May 15 to 29).	89 (5 and 6 Apl. and 1 to 9 May).
Minimum ditto ditto	86—0 (Nov. 16 to Jan. 17).	88 (Mar. 13 and 14, 19, 20 and 22 to 31).	65—12 (Feb. 4 to Mar. 25).
Maximum amount outstanding on London Register of Rupee Securities encased for Interest Drafts R	21,93,37,000 (Oct.)	21,76,32,000 (Apl.)	22,25,01,000 (Sept.)
Minimum ditto ditto R	21,33,46,000 (Aug.)	20,28,73,000 (Aug.)	20,64,80,000 (Sept.)
Maximum price in London of 4 per cent (Rupee) Securities in Gold . . . . .	...	...	...
Minimum ditto ditto . . . . .	...	...	...
Maximum price in London of 3½ per cent (Rupee) Securities in Gold	67½ (Mar.)	67½ (Apl.)	65 (Nov.)
Minimum ditto ditto	61½ (Oct. and Nov.)	62 (Oct. and Dec.)	62½ (July)
Maximum price in London of India 3½ per cent Stock	117½ (Mar.)	116½ (Apl.)	111½ (Apl.)
Minimum ditto ditto	111 (Oct.)	104½ (Dec.)	105 (July)
Maximum price in London of India 3 per cent Stock	109½ (Feb.)	109½ (Aug.)	103½ (Apl.)
Minimum ditto ditto	103½ (Oct.)	98½ (Dec.)	95 (Aug.)
Maximum price in London of India 2½ per cent Stock	94½ (Mar.)	99½ (Apl.)	90½ (May)
Minimum ditto ditto	84½ (Oct.)	85 (Dec.)	85 (Aug.)
Maximum Government Paper Currency outstanding R	28,20,33,000 (Mar.)	29,27,12,000 (July)	30,78,41,000 (July)
Minimum ditto ditto R	23,24,55,000 (May)	26,26,32,000 (Dec.)	27,89,64,000 (Apl.)
Number of Post Office Savings Banks	6,310	6,479	6,636
Number of accounts in Post Office Savings Banks	7,55,871	7,85,729	816,651
Amount deposited in Savings Banks R	9,42,80,041	9,64,64,466	10,04,32,569
Average of each deposit R	124.73	122.77	122.98
Net addition to deposits R	14,07,063	21,84,425	39,68,103

* Excludes Capital charge involved in redemption of
† In calculating this rate, a re-remittance to India,
‡ Excludes remittances of Gold Reserve Fund.
§ Include remittances of the Gold Reserve Fund.
|| Continuing.

DIX IV.

FINANCIAL STATISTICS.

CELLANEOUS.

1901-1902.	1902-1903.	1903-1904	1904-1905.	1905-1906.	1906-1907. Revised.	1907-1908, Budget.
£ 4,950,243	£ 3,069,549	£ 2,996,400	£ 3,456,066	£ 2,091,854	1,326,100	774,700
£ 4,071,152	£ 5,128,192	£ 5,043,003	£ 6,258,195	£ 9,966,393	8,757,100	8,048,400.
£ 2,582,283	£ 1,039,655	£ 2,146,825	£ 3,413,480	£ 12, 80,960	4,165,400	4,914,900
£ 3,207,898	£ 1,414,781	£ 225,540	£ 4,488,109	£ 18,567,395	2,054,300	6,929,700
1,24,89,50,000 88,78,00,000	1,29,39,60,000 85,81,90,000	1,53,51,70,000 92,59,20,000	1,57,72,20,000 1,04,41,30,000	1,61,82,50,000 1,12,09,50,000	1,41,56,12,383(b) 93,41,41,833(b)	
36,11,50,000	43,57,70,000	60,92,50,000	53,39,90,000	49,73,00,000	43,14,70,550(b)	
1,93,80,000 7,19,30,000	8,76,40,000 6,95,70,000	9,93,20,000 13,65,30,000	9,70,60,000 13,26,10,000	45,80,000 15,72,30,000	12,58,45,119(b) 19,55,35,657(b)	
9,13,10,000	15,72,10,000	23,58,50,000	22,96,70,000	16,18,10,000	32,13,80,776(b)	
25,98,40,000 2,15,74,80,000 \$ 27,83,01,050 \$ 18,539,071 5,13,47,732	27,85,60,000 2,59,25,20,000 \$ 27,74,67,265 \$ 18,499,947 11,33,94,843	37,34,00,000 2,99,57,70,000 \$ 35,07,94,845 \$ 23,859,303 16,53,11,541	30,34,20,000 3,18,18,40,000 \$ 36,53,57,364 \$ 24,425,558 11,37,04,366	33,54,90,000 3,21,04,20,000 \$ 46,62,43,256(a) \$ 31,166,973(a) 20,00,14,452	11,00,89,774(b) 2,82,64,76,950(b) 49,24,15,000 33,000,000	27,15,00,000 18,100,000
27 1/8 (Apl.) 24 1/8 (Mar.) 1s. 3'987d.	27 1/8 (Apl.) 21 1/8 (Nov & Jan.) 1s. 4'0018d.	28 1/8 (Oct.) 22 1/8 (Apl.) 1s. 4'049d.	28 7/8 (Dec.) 24 1/8 (Apl.) 1s. 4'015d.	30 1/8 (Feb.) 25 7/8 (Apl.) 1s. 4'043d.	33 1/8 (Nov.) 29 1/8 (Apl. & June) 1s. 4'084d.	1s. 4d. 1s. 4d.
8 (Feb. 12 to Mar 26)	8 (Feb. 19 to Mar. 25).	7 (From 21st Jan. to 9 Mar.).	8 (From 9th Mar. 05 to 22nd Mar. 1905).	9 (From Feb. 1 to Mar. 14 1906).	9 (From Dec. 6 to Mar. 11, 1907).	
3 (July 18 to Aug. 21).	3 (July 10 to Oct. 14).	3 (Aug. 27 to Dec. 9).	3 (23rd June to 5th Oct.).	2 (July 20 to Aug. 16).	3 (July 19 to Aug. 8).	
4 (Apl. to June 5 and Nov. to Jan 22.)	4 (Oct. 2 to Mar. 31).	4 (Apl. 1 to May 20 and Sept. 3 to Mar.).	4 (Apl. 5 to 13)	4 (Sept. 28 to Mar.).	6 (Oct. 19 to Jan. 16).	
3 (June 13 to Oct. 30, and Feb. 6 to Mar 3).	3 (Apl. 1 to Oct. 1).	3 (June 18 to Sept. 2).	2 1/2 (From 1 Mar. 9).	2 1/2 (Apl. 1 to Sept. 7).	3 1/2 (Apl. 5 to May 2 and June 21 to Sept. 12).	
3,38,00,000 (June) 2,93,82,000 (Mar.)	3,60,28,000 (Dec.) 3,06,74,000 (Oct.)	3,52,12,000 (Apl.) 3,03,54,000 (Feb.)	3,84,32,000 (Sept.) 3,00,53,000 (Jan.)	3,82,91,000 (May) 2,84,08,000 (Nov)	3,68,28,000 (Aug.) 2,95,11,000 (Oct.)	
...	
97-7 (Aug. 15)	99-9 (May 17)	99-7 (Apl. 27 & 28).	99-9 (16th Aug. 2nd & 3rd Mar.)	100-4 (Aug. 4 1905).	99-11 (Apl. 1 and 2).	
94-7 (May 11)	96-12 (Apl. 2 & 3)	94-10 (Jan. 9)	96-11 (Nov. 11)	97-8 (Jan. 9 and 10, 1906).	94-13 (Dec. 17 and 18, 1906).	
87-0 (Apl. 1 to May 8)	87-8 (Mar. 30)	87-8 (Apl. 1)	87-4 (From 3rd Mar.)	83-12 (Aug. 10 -16, 1905).	87-2 (Apl. 1 to 19 and Apl. 27 to May 14, 1906)	
82-0 (Jan. 11 to Feb. 1 and Mar. 8 to Mar. 31).	82-12 (Apl. 1 & 2)	85-4 (Feb. 8 to Mar. 31).	85-4 (5th Apl. to 3rd May).	87-0 (Dec. 21, 1905 and Mar. 19 to 22 1906).	82-8 (Feb. 20 to 26, 1907).	
24,34,60,000 (Apl.) 20,23,95,000 (Dec.)	20,29,92,000 (Apl.) 18,63,35,000 (Mar.)	18,61,10,000 (Apl.) 17,05,01,000 (Jan.)	17,02,89,000 (Apl.) 16,50,97,000 (Feb.)	17,01,09,000 (May) 16,21,03,000 (Dec.)	16,92,17,000 (Dec.) 16,80,78,000 (July)	
64 1/2 (Feb.) 63 (July) 109 1/2 (Aug.) 100 1/2 (July) 102 (June) 97 1/2 (Oct.) 87 (Apl.) 84 1/2 (Dec.)	66 1/2 (Feb. & Mar.) 64 1/2 (Apl. & June) 110 1/2 (June) 100 1/2 (Mar.) 102 1/2 (June) 98 1/2 (Mar.) 60 1/2 (June) 84 1/2 (Mar.)	66 1/2 (Sept.) 64 (Jan. & Feb.) 108 1/2 (July) 102 (Jan.) 100 1/2 (May) 93 1/2 (Mar.) 85 (Apl.) 78 1/2 (Mar.)	66 1/2 (Feb. & Mar.) 65 (July) 109 (Feb.) 103 (Apl.) 99 1/2 (Feb.) 93 1/2 (Aug.) 85 1/2 (Feb.) 79 1/2 (Apl.)	66 1/2 (Aug.) 65 1/2 (June) 107 1/2 (Apl.) 101 1/2 (Oct.) 98 1/2 (Apl.) 94 1/2 (Oct.) 84 1/2 (Apl.) 70 1/2 (Oct.)	106 (Apl.) 102 1/2 (July) 97 1/2 (Apl.) 90 1/2 (Oct.) 82 (Apl.) 75 1/2 (Oct.)	
31,85,90,000 Oct. 27,67,80,000 (Feb.) 7,053 865,693 10,68,21,233 12,225 63,88,604	35,72,36,000 (Mar.) 31,24,79,000 (Apl.) 7,075 924,353 11,42,15,334 123,83 73,94,301	38,21,17,000 (Mar.) 33,94,09,000 (Apl.) 7,372 987,635 12,33,36,717 124,88 91,21,183	42,51,61,000 (July) 36,11,07,000 (Apl.) 7,855 1,058,813 13,40,70,139 126,02 1,07,33,414	44,65,60,000 (Mar.) 39,63,12,000 (Dec.) 8,071 1,115,758 13,99,26,260 130,83 58,56,129	47,30,20,000 (July) 42,89,24,000 (May)	

Liabilities of Rs 100,00,000 by means of Bank drafts is taken into account.
(a) Include remittance of the Currency Department.

(b) Figures for ten months of 1906-1907.

APPENDIX IV—*continued.*

Commercial and Financial Statistics.

Table II.—Statement showing the true financial results to the Revenues of India guarantee of interest upon the Capital of Guaranteed Railway Companies.

(Omitting 000 in rupee figures and 00 in sterling figures, except in accounts.)

	ACCOUNTS.					Revised Estimate, 1906-1907.
	1901-1902.	1902-1903.	1903-1904.	1904-1905.	1905-1906.	
	<i>Miles.</i>	<i>Miles.</i>	<i>Miles.</i>	<i>Miles.</i>	<i>Miles.</i>	<i>Miles.</i>
Open mileage at end of official year	1,334	1,349	1,408	1,408	904	9,04
	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>
Gross traffic receipts	2,65,89,776	2,82,66,517	2,99,01,287	3,23,13,144	2,81,37,181	1,52,33
Working expenses	1,28,64,943	1,40,73,782	1,57,79,341	1,61,90,936	1,43,07,550	89,96
Percentage of working expenses on receipts	48.38	49.79	52.77	50.11	50.85	59.05
Net Revenue	1,37,24,833	1,41,92,735	1,41,21,946	1,61,22,208	1,38,29,631	62,37
Guaranteed Interest paid in England £	1,009,544	1,026,892	1,032,772	*1,047,316	*1,052,955	584,8
Ditto converted at Rs. 15 = £1 from 1898-99	1,51,43,168	1,54,03,371	1,54,91,582	1,57,09,732	1,57,94,325	87,72
Guaranteed interest paid in India plus interest on overdrawn Capital	1,04,551	1,24,895	2,28,672	2,77,131	40,318	...
Surplus paid to Railway Companies	23,16,119	13,33,564	15,27,629	19,08,241	17,73,467	9,53
Land and Supervision	—1,00,580	—95,196	3,359 (a)	1,12,648	1,19,911	—2,97
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	—2,80,239	3,59,811	8,46,623	4,72,410	5,66,282	6,51
Total Expenditure	1,71,83,019	1,71,25,445	1,80,97,865	1,84,80,162	1,82,94,303	1,00,79
Net Expenditure from the Public Treasury	34,58,186	29,33,710	39,75,919	23,57,954	44,64,672	38,42

The Accounts for 1904-1905 and for 1905-1906 include £2,173 and £14,335 respectively on account of "Interest on advances" to Railway Companies (B., B. and C. I. Railway).

(a) Excludes the net credit under supervision, vide Account 54 A of the Finance and Revenue Accounts for 1904-1905.

APPENDIX IV—continued.

COMMERCIAL AND FINANCIAL STATISTICS.

Table III.—Capital Expenditure on State Railways in 1905-1905 and Estimated Expenditure on such works in 1906-1907 and 1907-1908, and to end of 1907-1908.

RAILWAYS.	To end of 1904-1905.	Accounts, 1905-1906.	Revised Estimate, 1906-1907.	Budget Estimate, 1907-1908.	To end of 1907-1908.	Sanctioned Outlay.	Balance remaining unspent.	REMARKS.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.		
OPEN LINES.								
East Indian	35,20,94,056	2,13,54,545	2,20,00,000	1,43,19,000	40,97,67,601	40,97,67,601		(a) Rs 1,796 outlay prior to March 1900 on the metre gauge line between Bhatinda and Ferozepore transferred from Rajputana Malwa railway to North Western railway.
Rajputana-Malwa System	(a) 15,69,35,165	22,33,162	35,41,000	27,23,000	16,54,32,327	16,54,32,327		
Palanpur-Deesa	2,37,069	1,000	2,000	...	2,40,069	2,40,069	...	
Rewari-Phulera	(e) 41,59,490	6,33,721	3,60,000	24,000	51,77,211	51,77,211	...	
Bhopal	31,89,745	23,813	91,000	1,70,000	34,74,558	34,74,558	...	
Warora Colliery	13,96,688	—98,927	—1,68,000	...	11,29,761	11,29,761	...	
Burma	7,69,12,324	...	...	...	7,69,12,324	7,69,12,324	...	
Assam-Bengal (Construction)	7,03,93,442	37,91,667	23,50,000	29,46,000	7,94,81,109	7,94,81,109	...	
" Ditto (Land)	36,72,627	18,077	3,78,000	3,72,000	44,40,704	44,40,704	...	
Jorhat	9,07,551	1,014	15,000	4,000	9,27,575	9,27,575	...	(b) Rs. 86,149 outlay during 1901-1902 on Junction works at Hyderabad transferred from the Jodhpur-Bikaner Railway.
Eastern Bengal	15,40,69,226	1,33,15,946	60,90,000	91,79,000	18,26,54,172	18,26,54,172	...	
Tirhoot	5,32,50,655	13,87,171	22,25,000	18,52,000	5,87,14,826	5,87,14,826	...	
Oudh and Rohilkhand	21,27,44,449	27,12,955	26,04,000	32,08,000	22,12,69,404	22,12,69,404	...	
Lucknow-Bareilly	51,21,139	...	...	...	51,21,139	51,21,139	...	
North-Western	(a,b) 49,76,92,259	1,49,04,511	1,84,16,000	1,59,27,000	54,69,39,770	54,69,39,770	...	
Guntakal Mysore Frontier	59,17,586	6,434	5,000	10,000	59,39,020	59,39,020	...	(c) Includes Rs. 9,72,065 on account of outlay on Berar railways brought on.
South Indian	10,46,34,679	17,67,706	27,00,000	28,25,000	11,19,27,385	11,19,27,385	...	
Tanjore District Board	28,35,84	1,06,919	40,000	27,000	30,09,803	30,09,803	...	
Jodhpur-Hyderabad (British Section)	(b) 39,73,039	1,487	14,000	—18,000	39,70,526	39,70,526	...	
Petroleum Operations	1,19,187	...	...	...	1,19,187	1,19,187	...	(d) Includes Rs. 8,731 on account of survey outlay brought on to the construction account during 1904-1905.
Frontier Railway Reserve Material	43,98,177	...	...	...	43,98,177	43,98,177	...	
Peshawar Railway Reserve Material	2,88,641	—2,88,641	...	...	...	...	...
Great Indian Peninsula and Warora-Bellarpur	(c) 12,60,09,786	84,82,341	72,34,000	1,05,45,000	15,22,71,127	15,22,71,127	...	
Agra-Delhi Chord	1,14,03,153	10,86,120	4,64,000	2,25,000	1,31,78,273	1,31,78,273	...	
East Coast—Northern Section	3,09,29,430	...	...	...	3,09,29,430	3,09,29,430	...	
Madras Railway—North-East Line	6,45,52,886	7,32,456	6,80,000	14,52,000	6,74,17,342	6,74,17,342	...	(e) Includes Rs. 2,898 ditto ditto.
Bezwada Extension	11,77,142	3,584	3,000	3,000	11,86,726	11,86,726	...	
Nilgiri Railway	35,49,347	1,53,487	53,000	1,20,000	38,75,834	38,75,834	...	
Bombay, Baroda and Central India	...	20,24,78,750	15,39,000	15,03,000	20,55,20,750	20,55,20,750	...	
Rohri-Jamasata Doubling	(d) 6,64,901	69,09,214	39,34,000	13,65,000	1,28,73,115	1,28,73,115	...	
Bengal Central	...	75,07,701	...	...	75,07,701	75,07,701	...	
Kalka-Simla	...	1,16,72,304	45,94,000	5,07,000	1,67,73,304	1,67,73,304	...	
Tinnevely Quilon—British Section	43,35,389	25,368	20,000	20,000	44,00,757	44,00,757	...	
Ditto Native State Section	1,16,97,021	1,23,185	3,000	20,000	1,18,43,206	1,18,43,206	...	
Carried over	1,96,92,62,143	30,10,47,070	7,91,87,000	6,93,28,000	2,41,88,24,213	2,41,88,24,213		

APPENDIX C—continued.

RAILWAYS.	To end of 1904-1905.	Accounts, 1905-1906.	Revised Esti- mate, 1906-1907.	Budget Esti- mate, 1907-1908.	To end of 1907-1908.	Sanctioned Outlay.	Balance re- maining unspent.
Brought forward	1,96,92,62,143	30,10,47,070	7,91,87,000	6,93,28,000	2,41,88,24,213	2,41,88,24,213	...
Bellary-Royadug	5,65,354	2,09,610	15,000	10,000	7,99,964	7,99,964	...
Hospet-Kottur	12,73,127	1,29,208	30,000	20,000	14,52,335	14,52,335	...
Tirupatur-Krishnagiri	8,41,049	2,36,201	7,000	3,000	10,87,250	10,87,250	...
Morappur-Dhurmapuri	5,62,225	2,54,151	27,000	2,000	8,45,376	8,45,376	...
TOTAL OPEN LINES	1,97,25,03,898	30,18,76,240	7,92,66,000	6,93,63,000	2,42,30,09,138	2,42,30,09,138	...
LINES UNDER CONSTRUCTION.							
Forbesganj-Nepal Frontier . . . . .	...	64,887	1,07,000	17,000	1,88,887	2,22,000	33,113
Shahdera-Sangla	4,28,369	14,04,008	8,01,000	2,65,000	28,98,377	28,29,000	—69,377
Lodhran-Khanewal . . . . .	...	...	7,80,000	15,72,000	23,52,000	32,95,000	9,43,000
Burma Railway Extensions	32,12,515	52,16,205	52,82,000	33,50,000	1,70,60,720	2,07,51,000	36,90,280
Khusalgarh-Kohat Railway—Conversion and Indus Bridge.	(a) 1,58,585	9,57,394	11,19,000	5,32,000	27,66,979	31,92,000	4,25,021
Coonoor-Ootakamund	2,47,943	6,58,954	6,58,000	4,50,000	20,14,897	24,40,000	4,25,103
Jech-Doab (Southern Section)	44,96,624	18,52,538	7,09,000	1,18,000	71,76,162	71,59,000	—17,162
Shorket Road Chichoki . . . . .	...	...	4,45,000	17,28,000	21,73,000	50,00,000	28,27,000
Tirhoot Extensions	55,34,582	37,61,067	23,50,000	10,38,000	1,26,83,649	1,14,03,000	—12,80,649
Jullundur-Hoshiarpur	14,931	...	...	...	14,531	15,000	469
Ludhiana-Ferozepur	28,311	...	...	...	28,311	29,000	689
Azikhah-Mangalore	77,64,270	28,56,882	20,30,000	3,49,000	1,30,00,152	1,29,05,000	—95,152
Dhubri-Gauhati	34,02,542	20,78,753	29,40,000	20,02,000	1,04,23,295	92,31,000	—11,92,295
Shilman Branch	(b) 25,138	8,45,126	21,79,000	6,00,000	36,49,264	1,00,00,000	63,50,736
Kurnool-Kurnool Road . . . . .	...	...	1,00,000	4,00,000	5,00,000	11,32,000	6,32,000
Thal-Parachinar Railway and Kohat Thal Conversion	...	...	4,42,000	2,00,000	6,42,000	85,00,000	78,58,000
Carried over	2,53,13,410	1,96,95,814	1,99,42,000	1,26,21,000	7,75,72,224	9,81,03,000	2,05,30,776
TOTAL OPEN LINES, carried over	1,97,25,03,898	30,18,76,240	7,92,66,000	6,93,63,000	2,42,30,09,138	2,42,30,09,138	...

(a) Includes Rs. 7,118 on account of survey outlay brought on.

(b) Survey outlay brought on to the construction account during 1904-1905.

RAILWAYS.	To end of 1904-1905.	Accounts, 1905-1906.	Revised Esti- mate, 1906-1907.	Budget Es- timate, 1907-1908.	To end of 1907-1908.	Sanctioned Outlay.	Balance remaining unspent.
TOTAL OPEN LINES, brought forward	1,97,25,03,898	30,18,76,240	7,92,66,000	6,93,63,000	2,42,30,09,138	2,42,30,09,138	...
Brought forward	2,53,13,410	1,96,95,814	1,99,42,000	1,26,21,000	7,75,72,224	9,81,03,000	2,05,30,776
Barum Kotah	...	1,06,878	19,00,000	13,00,000	33,06,878	37,59,000	4,52,122
Ahmedabad-Dholka (Earthwork, etc.)	59,900	...	...	...	59,900	60,000	100
Quetta-Nushki	69,60,460	15,52,342	2,46,000	...	87,58,802	96,06,000	2,47,198
Nagda-Muttra	(a) 8,74,316	73,65,056	1,37,00,000	67,00,000	2,86,39,372	2,98,11,000	11,71,628
Katihar-Godagiri	6,63,556	29,96,385	35,50,000	18,00,000	90,09,941	1,04,86,000	14,76,059
Allahabad-Jaunpur	6,26,392	20,40,196	4,50,000	1,66,000	32,82,588	34,04,000	1,21,412
Rameswaram Extension	1,18,236	3,71,891	91,000	...	5,81,127	41,94,000	36,12,873
TOTAL LINES UNDER CONSTRUCTION	3,46,16,270	3,41,28,562	3,98,79,000	2,25,87,000	13,12,10,832	15,88,23,000	2,76,12,168
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 LINES IN ABEYANCE, ETC.	1,85,67,814	...	...	...	1,85,67,814	1,85,67,814	...
Stores Reserve	7,52,701	7,99,674	...	1,63,42,000	15,52,375	15,52,375	...
	...	...	...	...	1,63,42,000	1,63,42,000	...
GRAND TOTAL, carried over	2,02,64,40,683	33,68,04,476	11,91,45,000	10,82,92,000	2,59,06,82,159	2,61,82,94,327	12,76,12,168

(a) Includes Rs. 93,764 on account of survey outlay brought on to the construction account during 1904-1905.

APPENDIX C—concluded.

RAILWAYS.	To end of 1904-1905.	Accounts, 1905-1906.	Revised Esti- mate, 1906-1907.	Budget, Esti- mate, 1907-1908.	To end of 1907-1908.	Sanctioned Outlay.	Balance remaining unspent.
GRAND TOTAL, brought forward	2,02,64,40,683	33,68,04,476	11,91,45,000	10,82,92,000	2,59,06,82,159	2,61,82,94,327	2,76,12,168
<i>Distributed as under—</i>							
CAPITAL EXPENDITURE ON PUBLIC WORKS (not charged to Revenue)—							
State Railways—Construction*	1,28,04,91,360	17,11,52,976	11,90,11,000	10,82,26,000	1,64,88,81,336		
Redemption of Liabilities†	59,20,83,646	19,47,14,397	...	...	78,67,98,043		
FAMINE RELIEF AND INSURANCE—							
Protective Railways	7,56,23,487	8,29,170	79,000	35,000	7,65,66,657		
CONSTRUCTION OF RAILWAYS (charged against Revenue in addition to that under Famine In- surance).	5,45,35,712	...	...	...	5,45,35,712		
CONSTRUCTION OF RAILWAYS (charged to Provin- cial or Local Revenues).	1,01,42,690	1,07,933	55,000	31,000	1,03,36,623		
OTHER EXPENDITURE charged against Revenue	1,35,63,788	...	...	...	1,35,63,788		
TOTAL AS ABOVE	2,02,64,40,683	33,68,04,476	11,91,45,000	10,82,92,000	2,59,06,82,159		

* INCLUDES DEBENTURES RAISED BY COMPANIES—

East Indian Railway	9,73,86,480	2,06,69,029	...	3,37,50,000	15,18,06,409
South Indian Railway	2,10,57,237	16,50,000	...	...	2,27,07,237
Bombay, Baroda and Central India	...	...	...	60,00,000	60,00,000
TOTAL	11,84,43,717	2,23,19,029	...	3,97,50,000	18,05,13,646

	Rs.
† East Indian Railway	18,05,98,229
Eastern Bengal Railway	2,35,46,757
Oudh and Rohilkhand Railway	15,50,40,735
North Western Railway	7,36,74,320
South Indian Railway	7,03,88,355
Great Indian Peninsula Railway	8,88,35,250
Bombay, Baroda and Central India Railway	18,72,06,606
Bengal Central Railway	75,07,701
TOTAL	78,67,98,043

APPENDIX IV—continued.

COMMERCIAL AND FINANCIAL STATISTICS.

Table IV.—Capital Expenditure on Irrigation—Major Works, in 1905-1906, and estimated expenditure on such works in 1906-1907 and 1907-1908, and to the end of 1907-1908.

	Actual outlay to end of 1904-1905.	Accounts, 1905-1906.	Revised Estimate, 1906-1907.	Budget Estimate, 1907-1908.	Total actual and estimated outlay to end of 1907-1908.	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	50,90,062	—47,195	10,000	...	50,52,867	49,47,897	...
Shwebo Canal	38,20,801	3,73,640	4,28,000	1,99,000	48,21,441	46,28,060	...
Mon Canals	2,50,021	5,70,588	8,76,000	7,83,000	24,79,609	42,63,836	17,84,227
Ye-u Canal	54,595	4,10,599	1,30,000	18,000	6,13,104	34,05,297	27,92,193
<i>Bengal.</i>							
Orissa Canals	2,59,99,142	18,923	34,000	31,000	2,60,83,065	...	...
Midnapur Canal	82,97,576	6,262	2,000	11,000	83,16,838	...	...
Hijili Tidal Canal	25,51,641	...	...	...	25,51,641	...	...
Sone Canal	2,58,06,833	2,257	6,000	...	2,58,15,090	...	...
<i>United Provinces.</i>							
Ganges Canal	3,01,50,105	3,88,574	3,09,000	2,89,000	3,11,36,679	...	...
Lower Ganges Canal	3,41,69,550	2,32,721	2,85,000	3,34,000	3,50,21,271	...	...
Ditto, Fatehpur Branch	32,65,888	8,575	62,000	70,000	34,06,463	...	...
Agra Canal	95,96,026	2,23,836	5,04,000	—3,78,000	1,07,01,862	...	...
Eastern Jumna Canal	44,67,493	82,819	63,000	79,000	46,92,312	...	...
<i>Punjab.</i>							
Western Jumna Canal	1,64,74,785	21,332	50,000	30,000	1,65,76,117	...	...
Upper Bari Doab Canal	1,91,12,239	1,56,435	1,14,000	4,80,000	1,98,62,674	...	...
Sirhind Canal (State outlay)	2,36,37,802	11,576	87,000	1,00,000	2,38,36,378	...	...
Lower Chenab Canal	2,74,18,127	1,08,001	17,000	2,00,000	2,77,43,128	...	...
Lower Jhelum Canal	1,39,37,002	6,75,629	4,04,000	5,00,000	1,55,16,631	1,83,95,782	28,79,151
Indus Inundation Canals	14,36,292	3,36,692	2,60,000	3,00,000	23,32,984	...	...
Upper Jhelum Canal	80,372	12,92,556	27,37,000	23,00,000	64,10,928	2,90,70,397	2,26,59,469
Upper Chenab Canal	1,38,233	19,22,260	34,03,000	38,25,000	92,88,493	2,89,29,792	1,95,41,299
Lower Bari Doab Canal . . . . .	...	...	1,00,000	5,00,000	6,00,000	1,78,11,841	1,72,11,841
<i>North-West Frontier Province.</i>							
Paharpur Inundation Canal . . . . .	...	2,21,523	2,96,000	70,000	5,87,523	7,07,703	1,20,180
Upper Swat River Canal . . . . .	...	...	78,000	70,000	1,48,000	1,77,64,752	1,76,16,752
Lower Ditto *	40,22,989	8,964	37,000	10,000	40,78,953	...	...
<i>Madras.</i>							
Godavari Delta System	1,17,60,580	2,07,048	1,63,000	39,000	1,21,69,628	...	...
Kistna Delta System	1,43,33,481	73,340	61,000	35,000	1,45,02,821	...	...
Pennér River Canals System	54,61,276	36,552	10,000	...	55,07,828	...	...
Periyar Project	90,09,369	1,52,862	5,40,000	65,000	97,67,231	...	...
Cauvery Delta system	31,17,029	1,68,032	1,27,000	76,000	34,88,061	...	...
Nagavalli River Project . . . . .	...	1,87,835	2,36,000	2,48,000	6,71,835	10,26,606	3,54,771
Divi Island Project . . . . .	...	3,69,525	7,74,000	4,37,000	15,80,525	18,06,000	2,25,475
<i>Bombay.</i>							
Desert Canal	25,90,762	14,232	17,000	...	26,21,994	...	...
Begari Canal	16,57,544	...	71,000	3,75,000	21,03,544	...	...
Eastern Nara Works	63,83,621	32,912	28,000	5,000	64,49,533	...	...
Jamrao Canal	80,37,310	—94,071	—21,000	20,000	79,42,239	...	...
Mutha Canals	69,30,032	725	1,84,000	3,13,000	74,27,757	...	...
Other projects	3,66,35,932	3,07,337	2,93,000	7,75,000	3,80,11,269	...	...
Deduct—Outlay incurred from Ordinary Revenues	36,56,94,420	84,82,896	1,27,75,000	1,29,65,000	39,99,17,316	...	...
	5,85,42,031	1,31,022	4,29,000	4,65,000	5,95,67,053	...	...
Carried over	30,71,52,389	1,83,51,874	1,23,46,000	1,25,00,000	34,03,50,263	...	...

* Transferred to "40" from 1st April 1906.

† Inclusive of Rs. 8,964 on account of the Lower Swat River Canal.

APPENDIX IV—continued.

COMMERCIAL AND FINANCIAL STATISTICS.

Table IV.—Capital Expenditure on Irrigation—Major Works, in 1905-1906, and estimated expenditure on such works in 1906-1907 and 1907-1908, and to the end of 1907-1908.

	Actual outlay to end of 1904-1905.	Accounts, 1905-1906.	Revised Estimate, 1906-1907.	Budget Estimate, 1907-1908.	Total actual and estimated outlay to end of 1907-1908.	Sanctioned estimate.	Balance of sanctioned estimate remaining to be spent.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Brought forward	30,71,52,389	83,51,874	1,23,46,000	1,25,00,000	34,03,50,263	...	...
PROTECTIVE IRRIGATION WORKS.							
<i>Central Provinces.</i>							
Tank Projects	11,38,130	5,50,426	5,37,000	9,34,000	31,59,556	...	...
<i>Bengal.</i>							
Tribeni Canal	12,24,149	4,17,605	4,54,000	6,00,000	26,95,754	50,20,251	23,24,497
<i>United Provinces.</i>							
Betwa Canal (including Dukwa weir)	46,35,207	5,01,221	6,90,000	5,54,000	63,80,428	...	...
Ken Canal	7,42,163	12,58,952	11,24,000	7,27,000	38,52,115	36,74,729	...
Dassan Canal	7,734	1,52,508	6,70,000	13,15,000	21,45,242	38,79,619	17,34,377
<i>Madras.</i>							
Rushikulya Project	45,99,565	33,025	16,000	50,000	46,98,590	..	...
Mopad Project	1,747	2,31,752	2,19,000	...	4,52,499	11,36,000	6,83,501
<i>Bombay.</i>							
Gadaveri Canal . . . . .	...	...	...	7,47,000	7,47,000	87,73,347	80,26,347
Chankapur Tank	3,50,110	2,54,686	1,71,000	5,56,000	13,31,796	13,11,518	...
Nira Canal	53,71,010	8,865	6,000	6,000	53,91,875	...	...
<i>Other projects</i>	37,13,158	67,072	3,67,000	5,31,000	46,78,230	...	...
	2,17,82,973	*31,76,112	42,54,000	60,20,000	3,55,33,085	..	...
<i>Deduct—Outlay incurred from Ordinary Revenues</i>	30,81,744	...	...	...	30,81,744	...	...
TOTAL	1,87,01,229	34,76,112	42,54,000	60,20,000	3,24,51,341	..	...
GRAND TOTAL	32,58,53,618	1,18,27,986	1,66,00,000	1,85,20,000	37,28,01,604	...	..

* Exclusive of Rs. 8,964 on account of the Lower Swat River Canal, transferred to "49" from 1st April 1906

APPENDIX IV—continued.

COMMERCIAL AND FINANCIAL STATISTICS.

Table IV.—Gross traffic receipts, working expenses, and net traffic receipts of Guaranteed and State Railways for five years ending 1905-1906, with Revised Estimates for 1906-1907 and Budget Estimates for 1907-1908.

(Omitting 000 except in accounts.)

	ACCOUNTS.					Revised Estimate, 1906-1907.	Budget Estimate, 1907-1908.
	1901-1902.	1902-1903.	1903-1904.	1904-1905.	1905-1906.		
	M.	M.	M.	M.	M.	M.	M.
GUARANTEED RAILWAYS.							
Open mileage at beginning of year	1,305	1,334	1,349	1,408	1,408	904	904
<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	1,10,33,035	1,20,68,312	1,27,77,060	1,34,30,576	1,39,56,526	1,47,00	1,50,00
Ditto Extensions	56,465	1,86,889	3,17,370	3,75,918	3,62,742	3,25	3,65
Bombay, Baroda and Central India	1,55,00,276	1,60,11,316	1,68,06,857	1,85,06,650	1,38,17,913	2,08	...
TOTAL	2,65,89,776	2,82,66,517	2,99,01,287	3,23,13,144	2,81,37,181	1,52,33	1,53,65
<i>Working Expenses.</i>							
Madras	56,45,793	61,69,379	69,95,955	76,05,016	77,38,956	88,00	90,00
Ditto Extensions	22,046	79,538	1,48,793	2,02,666	1,96,999	1,95	2,15
Bombay, Baroda and Central India	71,97,104	78,24,865	86,34,593	83,83,254	63,71,595	1	...
TOTAL	1,28,64,943	1,40,73,782	1,57,79,341	1,61,90,936	1,43,07,550	89,96	92,15
<i>Net Traffic Receipts.</i>							
Madras	53,87,242	58,98,933	57,81,105	58,25,560	62,17,570	59,00	60,00
Ditto Extensions	34,419	1,07,351	1,68,577	1,73,252	1,65,743	1,30	1,50
Bombay, Baroda and Central India	83,03,172	81,86,451	81,72,264	1,01,23,396	74,46,318	2,07	...
TOTAL	1,37,24,833	1,41,92,735	1,41,21,946	1,61,22,208	1,38,29,631	62,37	61,50

APPENDIX IV—continued.

	ACCOUNTS.					Revised Estimate, 1906-1907.	Budget Estimate, 1907-1908.
	1901-1902.	1902-1903.	1903-1904.	1904-1905.	1905-1906.		
STATE RAILWAYS.							
(a)							
Open mileage at beginning of year	M.	M.	M.	M.	M.	M.	M.
	19,295	19,380	20,119	20,744	20,330	21,523	22,286
<i>Gross Traffic Receipts.</i>	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
East Indian { England	3,450	3,450	3,450	3,450	3,450	3	3
{ India	7,10,62,672	6,74,11,071	7,08,45,143	7,61,21,110	7,71,30,117	8,10,00	8,10,00
Rajputana-Malwa System	2,81,18,427	2,49,93,926	2,19,35,587	2,54,29,995	2,81,13,465	2,80,00	2,90,00
Bhopal	2,92,862	3,46,103	3,77,177	3,95,734	3,25,637	3,60	3,60
Palanpur-Deesa	39,190	31,756	28,155	31,619	37,498	40	40
Warora Colliery	6,98,956	6,74,934	5,52,948	5,51,760	5,67,646	—7	...
Bengal-Nagpur	1,35,36,367	1,45,37,860	1,65,95,948	1,98,35,177	2,54,70,343	2,75,00	2,90,00
Burma Railways	1,22,32,691	1,26,67,364	1,41,06,869	1,51,48,710	1,58,36,907	1,60,00	1,70,00
Assam-Bengal	20,92,758	21,10,110	25,87,822	29,88,285	35,20,101	46,00	47,00
Jorhat	83,310	88,476	89,205	75,720	85,825	90	90
Cherra-Companyanj	2,828	...	...	...	...	...	...
Eastern Bengal	1,70,14,290	1,75,21,934	1,87,14,401	1,92,64,510	2,14,98,671	2,55,00	2,60,00
Bengal and North-Western, and Tirhoot	99,79,539	1,02,19,920	1,21,67,584	1,28,88,240	62,01,343	70,00	70,00
Bengal Central	13,93,160	13,24,944	15,05,612	15,68,378	3,54,939	...	...
Brahmaputra-Sultanpur Branch	1,62,203	2,40,827	2,69,758	1,721	...	...	...
Oudh and Rohilkhand	1,35,20,795	1,35,27,277	1,40,12,128	1,54,69,228	1,61,80,743	1,65,00	1,70,00
Indian Midland { England	45,000	...	...	...	...	...	...
{ India	83,73,471	90,10,835	77,85,868	83,35,493	83,78,109	1,08,00	1,10,00
Lucknow-Bareilly	13,86,506	14,53,542	14,29,244	14,93,378	16,10,514	16,00	16,50
Hardwar-Dehra	2,27,429	2,53,685	2,65,261	2,69,354	3,19,239	3,40	3,25
North-Western	4,26,53,446	4,18,16,329	5,20,87,345	6,33,47,929	5,73,11,526	6,35,00	6,60,00
South Indian	1,03,68,269	1,09,05,420	1,21,89,359	1,27,61,620	1,29,85,262	1,34,00	1,35,00
Mysore	14,04,895	16,42,156	15,66,130	15,82,491	18,61,906	18,50	19,00
Nilgiri . . . . .	...	...	2,74,905	2,90,129	3,15,491	3,20	3,40
Agra Delhi Chord . . . . .	...	...	...	18,070	8,04,655	16,50	17,50
Bezváda Extension	2,64,398	3,02,442	3,07,113	3,20,656	3,47,450	3,50	3,60
North East Line, Madras Railway (East Coast, Southern Section)	46,90,260	44,53,516	46,03,446	55,91,475	65,44,160	60,00	65,00
Guntakal-Mysore Frontier	4,37,238	4,72,119	5,17,267	8,18,265	8,12,109	9,25	8,00
Tinnevely-Quilon . . . . .	...	69,746	2,03,472	3,59,584	4,92,058	4,90	5,00
Mayavaram-Mutupet	2,97,287	3,31,866	4,10,936	5,47,235	5,99,483	6,00	6,20
Southern Mahratta	57,12,614	65,62,022	67,81,358	74,09,721	80,28,947	82,00	50,00
Jodhpur-Hyderabad (British Section)	4,00,599	5,05,058	5,83,491	5,90,818	8,35,698	9,25	8,50
Great Indian Peninsula	4,26,63,480	4,35,86,154	4,58,51,887	4,99,95,200	5,29,22,539	5,10,00	5,30,00
Bombay, Baroda and Central India . . . . .	...	...	...	...	47,31,394	2,05,00	2,10,00
Hospet Kottur . . . . .	...	...	...	...	43,427	50	90
Bellary Rayadrug . . . . .	...	...	...	...	24,009	43	60
Tirrupattur-Krishnagiri . . . . .	...	...	...	...	22,950	48	50
Morappur-Dharmapuri . . . . .	...	...	...	...	5,767	37	40
Kalka-Simla . . . . .	...	...	...	...	1,20,649	8,00	8,50
Azikhal-Mangalore . . . . .	...	...	...	...	...	55	2,50
Nagda-Muttra . . . . .	...	...	...	...	...	...	7,35
In England	48,450	3,450	3,450	3,450	3,450	3	
„ India	28,91,09,940	28,70,61,392	30,86,45,419	34,35,01,605	35,44,39,717	39,00,66	40,18,63
TOTAL	28,91,58,390	28,70,64,842	30,86,48,869	34,35,05,055	35,44,43,167	39,00,69	40,18,63

(a) Includes the length of the Bengal and North-Western Railway except for 1905-1906, Revised Estimate, 1906-1907, and Budget Estimate, 1907-1908.

APPENDIX IV—continued.

	ACCOUNTS.					Revised Estimate, 1906-1907.	Budget Estimate, 1907-1908.
	1901-1902.	1902-1903.	1903-1904.	1904-1905.	1905-1906.		
<i>Working Expenses.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>
East Indian	2,61,51,049	2,61,45,029	2,62,26,989	2,81,18,126	2,70,22,684	3,16,40	3,01,50
Rajputana-Malwa System	1,30,31,577	1,18,36,743	1,11,21,644	1,16,67,461	1,24,80,664	1,32,60	1,31,00
Bhopal	1,48,626	1,74,867	1,85,736	1,97,668	1,58,332	1,80	1,80
Palanpur-Deesa	25,256	25,375	21,987	19,662	14,052	18	18
Warora Colliery	4,33,330	4,44,571	3,82,076	3,75,159	3,57,688	57	...
Bengal-Nagpur	72,65,514	74,31,631	86,21,206	97,10,297	1,14,17,032	1,29,00	1,40,00
Burma Railway	73,85,882	77,32,319	89,17,418	93,93,401	96,68,947	99,84	1,02,00
Assam-Bengal	16,96,274	18,61,892	20,81,249	30,46,275	32,73,619	38,50	40,00
Jorhat	84,715	83,046	80,280	81,672	73,246	80	80
Cherra-Companyganj	7,640	...	...	...	...	...	...
Eastern Bengal	87,19,070	88,83,728	99,98,494	99,05,097	1,19,53,967	1,34,00	1,37,50
Bengal and North-Western, and Tirhoot	74,10,199	80,26,894	87,88,628	1,01,27,727	25,79,047	27,10	27,30
Bengal Central	9,00,740	9,13,996	11,25,074	10,75,964	3,46,036	...	...
Brahmaputra-Sultanpur Branch	82,471	1,31,113	1,47,254	8,510	...	...	...
Oudh and Rohilkhand	65,83,646	65,35,525	70,31,234	81,74,262	90,12,591	92,00	1,02,00
Indian Midland	42,14,819	46,23,692	39,04,440	41,09,663	40,72,743	53,00	54,00
Lucknow-Bareilly	7,69,986	7,50,202	7,24,648	8,32,539	6,85,474	7,50	7,00
Hardwar-Dehra	1,24,969	1,47,440	1,55,680	1,57,191	1,59,619	1,70	1,63
North Western	2,22,52,333	2,42,93,882	2,64,98,970	2,91,09,608	3,04,35,792	3,30,00	3,55,00
South Indian	55,50,380	51,28,993	60,53,945	66,99,779	65,44,483	72,10	74,00
Mysore	11,27,457	11,88,564	11,03,305	11,57,652	11,17,411	11,50	11,50
Nilgiri . . . . .	...	...	2,00,918	2,23,967	2,66,520	2,80	3,00
Agra Delhi Chord . . . . .	...	...	...	8,079	3,85,030	8,30	8,50
Bezváda Extension	1,20,248	1,49,334	1,52,891	1,41,701	1,43,251	1,60	1,80
North East Line, Madras Railway (East Coast, Southern Section)	25,12,717	30,07,291	29,71,686	38,03,792	38,46,491	37,25	41,50
Guntakal-Mysore Frontier	3,10,308	2,92,918	3,05,337	5,12,162	4,73,857	5,50	5,00
Tinnevelly-Quilon . . . . .	...	29,574	89,900	1,96,312	2,45,343	2,65	2,75
Mayavaram-Mutupet	1,63,106	1,61,797	2,05,581	2,91,361	3,37,457	3,60	3,80
Southern Mahratta	44,92,654	46,99,571	48,09,622	52,29,796	49,26,716	49,20	51,50
Jodhpur-Hyderabad (British Section)	2,44,773	2,91,566	3,21,112	2,95,152	3,81,481	4,25	5,00
Great Indian Peninsula	2,05,75,278	2,24,16,610	2,34,45,061	2,47,61,525	2,50,58,635	2,50,00	2,63,00
Bombay, Baroda and Central India . . . . .	...	...	...	...	19,20,153	94,10	94,00
Hospet-Kottur . . . . .	...	...	...	...	46,144	50	55
Bellary-Rayadrug . . . . .	...	...	...	...	27,133	38	45
Tirruppur-Krishnagiri . . . . .	...	...	...	...	25,329	48	50
Morappur-Dharmapuri . . . . .	...	...	...	...	6,619	34	35
Kalka-Simla . . . . .	...	...	...	...	52,877	4,50	4,50
Azikhal-Mangalore . . . . .	...	...	...	...	...	25	1,50
Nagda-Muttra . . . . .	...	...	...	...	...	...	3,50
TOTAL	14,23,85,017	14,74,08,163	15,56,72,365	16,94,31,560	16,95,16,463	19,14,29	19,78,41

APPENDIX IV—continued.

	ACCOUNTS.					Revised Estimate, 1906-1907.	Budget Estimate, 1907-1908.
	1901-1902.	1902-1903.	1903-1904.	1904-1905.	1905-1906.		
<i>Net Traffic Receipts.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>
East Indian	4,49,15,073	4,12,69,492	4,46,21,604	4,80,06,434	5,01,10,883	4,93,63	5,08,51
Rajputana-Malwa System	1,50,86,850	1,31,57,183	1,08,13,943	1,37,62,534	1,56,32,801	1,47,40	1,59,00
Bhopal	1,44,236	1,71,236	1,91,441	1,98,066	1,67,305	1,80	1,80
Palampur-Deesa	13,934	6,381	6,168	11,957	23,446	22	22
Warora Colliery	2,65,626	2,30,363	1,70,872	1,76,601	2,09,958	-64	...
Bengal-Nagpur	62,70,853	71,06,229	79,74,742	1,01,24,880	1,40,53,311	1,46,00	1,50,00
Burma Railways	48,46,809	49,35,045	51,89,451	57,55,309	61,67,960	60,16	68,00
Assam-Bengal	3,96,484	2,48,218	5,06,573	-57,990	2,46,482	7,50	7,00
Jorhat	-1,405	5,430	8,925	-5,952	12,579	10	10
Cherra-Companyganj	-4,812	...	...	...	...	...	...
Eastern Bengal	82,95,220	86,38,206	87,15,907	93,59,413	95,44,704	1,21,00	1,22,50
Bengal and North-Western, and Tirhoot	25,69,340	21,93,026	33,78,956	27,60,513	36,22,296	42,90	42,70
Bengal Central	4,92,420	4,10,948	3,80,538	4,92,414	8,003	...	...
Brahmaputra-Sultanpur Branch	79,732	1,09,714	1,22,504	-6,789	...	...	...
Oudh and Rohilkhand	69,37,149	69,91,752	69,80,894	72,94,966	71,68,152	73,00	68,00
Indian Midland	42,03,652	43,87,143	38,81,428	42,25,830	43,05,366	55,00	56,00
Lucknow-Bareilly	6,16,520	7,03,340	7,04,596	6,60,839	9,25,040	8,50	9,50
Hardwar-Dehra	1,02,460	1,06,245	1,09,581	1,12,163	1,59,620	1,70	1,62
North Western	2,04,01,113	1,75,22,447	2,55,88,375	3,42,38,321	2,68,75,734	3,05,00	3,05,00
South Indian	48,17,889	57,76,427	61,35,414	60,61,841	64,40,779	61,90	61,00
Mysore	2,77,438	4,53,592	4,62,825	4,24,839	7,44,495	7,00	7,50
Nilgiri . . . . .	...	...	73,987	66,162	48,971	40	40
Agra Delhi Chord . . . . .	...	...	...	9,991	4,19,625	8,20	9,00
Bezwada Extension	1,44,150	1,53,108	1,54,222	1,78,955	2,04,239	1,90	1,80
North East line, Madras Railway (East Coast, Southern Section).	21,77,543	14,46,225	16,31,760	17,87,683	26,97,669	22,75	23,50
Guntakal-Mysore Frontier	1,26,930	1,79,201	2,11,930	3,06,103	3,38,252	3,75	3,00
Tinnevely-Quilon . . . . .	...	40,172	1,13,572	1,63,272	2,46,715	2,25	2,25
Mayavaram-Mutupet	1,34,181	1,70,069	2,05,355	2,55,874	2,62,026	2,40	2,40
Southern Mahratta	12,19,960	18,62,451	19,71,736	21,79,925	31,02,231	32,80	33,50
Jodhpur-Hyderabad (British Section)	1,55,826	2,13,492	2,62,379	2,95,666	4,54,217	5,00	3,50
Great Indian Peninsula	2,20,88,202	2,11,69,544	2,24,06,826	2,52,33,675	2,78,63,904	2,60,00	2,67,00
Bombay, Baroda and Central India . . . . .	...	...	...	...	28,11,241	1,10,90	1,16,00
Hospet-Kottur . . . . .	...	...	...	...	-2,717	...	35
Bellary-Rayadrug . . . . .	...	...	...	...	-3,124	5	15
Tirrupattur-Krishnagiri . . . . .	...	...	...	...	-2,379	...	...
Morappur-Dharmapuri . . . . .	...	...	...	...	-852	3	5
Kalka-Simla . . . . .	...	...	...	...	67,772	3,50	4,00
Azikhah-Mangalore . . . . .	...	...	...	...	...	30	1,00
Nagda-Muttra . . . . .	...	...	...	...	...	...	3,85
TOTAL	14,67,73,373	13,96,56,679	15,29,76,504	17,40,73,495	18,49,26,704	19,86,40	20,40,22

APPENDIX IV—continued.

COMMERCIAL AND FINANCIAL STATISTICS.

Table IV.—Gross receipts, working expenses, and net earnings of Irrigation—Major Works, for five years ending 1905-06, with Revised Estimates for 1906-07, and Budget Estimates for 1907-08.

	ACTUALS.					Revised Estimate, 1906-07.	Budget Estimate, 1907-08.
	1901-02.	1902-03.	1903-04.	1904-1905.	1905-06.		
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
DIRECT RECEIPTS—							
Mandalay canal . . . . .	...	17,803	79,048	70,695	2,03,313	2,32,000	2,42,000
Orissa canals	3,49,006	4,05,592	4,29,897	3,88,900	4,61,355	4,96,000	4,80,000
Midnapur canal	2,40,992	2,24,150	2,20,343	2,06,215	2,10,623	1,77,000	1,79,000
Hijili Tidal canal	47,942	41,050	42,334	45,242	70,448	74,000	67,000
Sone canals	11,38,971	14,50,516	13,28,315	14,05,810	13,96,628	14,65,000	14,68,000
Ganges canal	28,27,161	35,23,554	32,95,743	34,46,755	30,14,166	46,24,000	40,43,000
Lower Ganges canal	19,96,655	22,82,197	23,40,320	24,98,352	21,49,299	27,52,000	23,92,000
Ditto, Fatehpur Branch	80,380	1,35,186	2,46,399	2,82,584	1,62,015	3,04,000	3,53,000
Agra canal	6,65,736	8,80,933	8,37,371	8,91,284	5,20,088	10,26,000	9,77,000
Eastern Jumna canal	11,79,374	13,53,857	11,92,809	13,02,309	10,69,416	16,15,000	13,95,000
Betwa canal	75,562	1,06,859	1,42,688	1,72,992	1,94,969	2,50,000	1,30,000
Western Jumna canal	21,84,804	23,61,573	24,09,698	27,34,556	27,58,415	22,00,000	19,50,000
Lower Chenab canal	53,47,867	62,03,439	72,17,299	73,38,371	65,97,316	72,30,000	71,00,000
Upper Bari Doab canal	28,52,395	32,97,204	33,03,413	33,35,459	31,84,267	35,95,000	33,50,000
Sirhind canal	23,15,816	27,82,581	27,41,580	26,85,001	27,06,842	31,74,000	29,00,000
Lower Jhelum canal . . . . .	...	24,104	2,83,611	4,73,231	7,78,837	13,15,000	17,00,000
Indus Inundation canals . . . . .	...	...	1,36,764	1,07,344	1,62,950	1,50,000	1,50,000
Lower Swat River canal	4,57,845	4,82,394	5,10,505	4,82,779	4,39,630	5,16,000	5,00,000
Godavari Delta System	1,10,381	1,04,532	1,07,943	1,11,389	1,12,357	1,13,000	1,13,000
Kistna " "	70,850	78,578	86,005	70,184	70,866	71,000	71,000
Pennér River canals " "	3,512	1,938	1,602	1,890	2,586	3,000	3,000
Periyar Project	1,615	2,168	3,017	2,547	3,926	3,000	3,000
Cauvery Delta System	1,664	3,315	3,148	1,432	1,325	1,000	2,000
Rushikulya Project	5,084	2,811	1,958	751	785	1,000	1,000
Desert canal	48,290	53,023	49,591	1,52,059	1,07,205	1,16,000	1,21,000
Begari " "	47,713	44,956	18,496	67,498	42,861	43,000	46,000
Eastern Nara Works	27,154	26,578	26,025	30,094	45,229	43,000	50,000
Mutha canals	2,95,926	2,98,645	3,27,935	2,70,328	3,70,380	3,36,000	3,63,000
Nira canal	2,28,058	2,31,616	2,54,754	1,23,191	1,66,203	2,46,000	2,61,000
Jamrao canal	5,128	43,686	1,70,160	1,46,572	1,25,359	16,000	11,000
Other projects	7,87,784	7,79,181	9,91,678	10,63,157	9,07,673	13,08,000	13,06,000
TOTAL	2,33,93,665	2,72,44,019	2,88,00,449	2,99,14,971	2,80,37,332	3,34,95,000*	3,17,27,000*
PORTION OF LAND REVENUE DUE TO IRRIGATION—							
Mandalay canal . . . . .	...	4,619	13,748	19,216	16,944	20,000	22,000
Ganges canal	8,26,342	8,72,442	8,93,659	9,05,865	9,10,288	9,10,000	9,10,000
Lower Ganges canal	2,09,586	2,09,586	2,65,747	3,04,245	3,73,152	3,73,000	3,73,000
Eastern Jumna " "	2,53,041	2,53,952	2,53,952	2,53,952	2,53,952	2,54,000	2,54,000
Lower Chenab canal	10,46,645	10,56,041	11,38,808	13,63,773	11,28,751	11,50,000	11,50,000
Upper Bari Doab canal	2,36,603	2,38,756	2,49,263	2,61,668	2,99,249	2,80,000	2,50,000
Lower Jhelum " " . . . . .	...	13,706	-60,465	12,724	81,613	2,00,000	3,00,000
Indus Inundation canals . . . . .	...	...	2,69,918	2,71,538	2,73,536	2,83,000	2,70,000
Lower Swat River canal	44,580	47,284	55,240	51,248	48,672	50,000	50,000
Godavari Delta System	30,93,882	29,68,262	29,15,810	32,74,398	34,27,101	34,10,000	34,10,000
Kistna " "	27,42,392	27,25,450	25,13,947	29,23,231	29,64,950	29,95,000	29,95,000
Pennér River canals " "	3,69,205	3,70,918	3,77,049	85,518	4,24,710	4,25,000	4,25,000
Periyar Project	4,43,315	4,56,571	4,51,757	4,73,813	4,85,029	4,91,000	5,05,000
Cauvery Delta System	9,25,995	9,21,373	9,14,310	9,20,194	9,29,106	9,35,000	9,35,000
Rushikulya Project	95,844	94,832	90,318	97,589	1,05,745	1,07,000	1,08,000
Desert canal	1,39,985	1,41,889	1,59,159	1,64,772	2,67,663	2,89,000	2,73,000
Begari " "	3,34,669	3,14,732	3,72,424	3,15,487	4,41,417	4,89,000	4,91,000
Eastern Nara Works	4,49,513	4,93,647	5,00,159	5,08,482	6,31,933	6,21,000	7,74,000
Mutha canals	-8,085	-8,063	-10,113	-6,459	-11,391	...	...
Nira canal	-11,310	-11,465	-12,615	-6,036	-8,104	...	...
Jamrao canal	4,21,049	4,97,692	4,79,936	5,08,190	7,80,961	7,67,000	9,46,000
Other projects	5,88,706	5,53,665	7,25,079	6,95,335	7,06,410	9,05,000	10,35,000
TOTAL	1,22,00,957	1,22,15,889	1,25,57,000	1,33,98,743	1,45,31,687	1,49,54,000	1,54,76,000

* Excluding Civil officers' figures as under:—

	Revised, Rs.	Budget, Rs.
United Provinces	3,65,000	2,40,000
Punjab	13,43,000	13,21,000
Total	17,08,000	15,61,000

APPENDIX IV—continued.

COMMERCIAL AND FINANCIAL STATISTICS.

Table VI.—Gross receipts, working expenses, and net earnings of Irrigation—Major Works, for five years ending 1905-06, with Revised Estimates for 1906-07, and Budget Estimates for 1907-08—continued.

	ACTUALS.					Revised Estimate, 1906-07.	Budget Estimate, 1907-1908.
	1901-02.	1902-03.	1903-04.	1904-1905.	1905-06.		
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
TOTAL REVENUE—							
Mandalay canal . . . . .	..	22,422	92,796	89,911	2,20,257	2,52,000	2,64,000
Orissa canals	3,49,006	4,05,592	4,29,897	3,88,000	4,61,355	4,96,000	4,80,000
Midnapur canal	2,40,992	2,24,150	2,20,343	2,06,215	2,10,623	1,77,000	1,79,000
Hijili Tidal canal	47,942	41,050	42,334	45,242	70,448	74,000	67,000
Sone canals	11,38,971	14,50,516	13,28,315	14,05,810	13,96,628	14,65,000	14,68,000
Ganges canal	36,53,503	43,95,996	41,89,402	43,52,620	39,24,454	55,34,000	49,53,000
Lower Ganges canal	22,06,241	24,91,783	26,06,067	28,02,597	25,22,451	31,25,000	27,65,000
Ditto Fatehpur Branch	80,380	1,35,186	2,46,399	2,82,584	1,62,015	3,04,000	3,53,000
Agra canal	6,65,736	8,80,933	8,37,371	8,91,284	5,20,088	10,26,000	9,77,000
Eastern Jumna canal	14,31,415	16,07,809	14,46,761	15,56,261	13,23,368	18,69,000	16,49,000
Betwa canal	75,562	1,06,859	1,42,688	1,72,992	1,94,969	2,50,000	1,30,000
Western Jumna canal	21,84,804	23,61,573	24,09,698	27,34,556	27,58,415	22,00,000	19,50,000
Lower Chenab canal	63,94,512	72,59,480	83,56,107	87,02,144	77,26,067	83,80,000	82,50,000
Upper Bari Doab canal	30,88,998	35,35,960	35,52,676	35,97,127	34,83,516	38,75,000	36,00,000
Sirhind canal	23,15,816	27,82,581	27,41,580	26,85,001	27,06,842	31,74,000	29,00,000
Lower Jhelum canal . . . . .	...	37,810	2,23,146	4,85,955	8,60,450	15,15,000	20,00,000
Indus Inundation canals . . . . .	...	...	4,06,682	3,78,882	4,36,486	4,33,000	4,20,000
Lower Swat River canal	5,02,425	5,29,678	5,65,745	5,34,027	4,88,302	5,66,000	5,50,000
Godavari Delta System	32,04,263	30,72,794	30,23,753	33,85,787	35,39,458	35,23,000	35,23,000
Kistna " "	28,13,242	28,04,028	25,99,952	29,93,415	30,35,816	30,66,000	30,66,000
Pennér River canals " "	3,72,717	3,72,856	3,78,651	87,408	4,27,296	4,28,000	4,28,000
Periyar Project	4,44,930	4,58,739	4,54,774	4,76,360	4,88,955	4,94,000	5,08,000
Cauvery Delta System	9,27,659	9,24,688	9,17,458	9,21,626	9,30,431	9,36,000	9,37,000
Rushikulya Project	1,00,928	97,643	92,276	98,340	1,06,530	1,08,000	1,09,000
Desert canal	1,88,275	1,94,912	2,08,750	3,16,831	3,74,868	4,05,000	3,94,000
Begari " "	3,82,382	3,59,688	3,90,920	3,82,985	4,84,278	5,32,000	5,37,000
Eastern Nara Works	4,76,667	5,20,225	5,26,184	5,44,576	6,77,162	6,64,000	8,24,000
Mutha canals	2,87,841	2,90,582	3,17,822	2,63,869	3,58,989	3,36,000	3,63,000
Nira canal	2,16,748	2,20,151	2,42,139	1,17,155	1,58,099	2,46,000	2,61,000
Jamrao canal	4,26,177	5,41,378	6,50,096	6,54,762	9,06,320	7,83,000	9,57,000
Other projects	13,76,490	13,32,846	17,16,757	17,58,492	16,14,083	22,13,000	23,41,000
TOTAL	3,55,94,622	3,94,40,245	4,13,57,539	4,33,13,714	4,25,69,019	4,84,49,000	4,72,03,000
WORKING EXPENSES—							
Mandalay canal . . . . .	...	30,312	92,027	75,301	99,165	82,000	90,000
Orissa canals	3,95,100	3,61,432	3,57,837	3,18,396	3,53,817	3,47,000	3,45,000
Midnapur canal	1,61,668	1,44,522	1,41,042	1,31,362	1,42,981	1,47,000	1,58,000
Hijili Tidal canal	28,658	34,685	23,805	47,652	45,518	50,000	41,000
Sone canals	5,47,210	5,27,716	4,94,357	4,90,595	4,75,823	5,84,000	5,56,000
Ganges canal	10,57,425	11,20,924	10,00,807	11,87,448	12,48,973	12,55,000	11,55,000
Lower Ganges canal	10,49,948	10,56,724	11,35,205	10,28,308	9,38,717	10,22,000	10,55,000
Ditto, Fatehpur Branch	1,26,995	1,21,579	1,33,566	1,27,412	1,28,022	1,48,000	1,41,000
Agra canal	2,60,131	2,52,836	2,60,904	2,77,508	2,88,274	3,14,000	2,80,000
Eastern Jumna canal	4,65,063	5,15,809	4,33,254	4,47,027	3,99,569	4,53,000	3,99,000
Betwa canal	1,01,852	1,22,892	1,08,458	1,24,821	1,33,784	1,24,000	1,07,000
Western Jumna canal	8,65,175	8,17,970	8,47,358	9,33,606	10,32,192	10,86,000	8,70,000
Lower Chenab canal	12,86,828	13,15,846	16,73,711	16,96,071	17,37,856	18,04,000	17,35,000
Upper Bari Doab canal	8,40,911	9,64,870	9,95,494	11,29,036	11,62,570	12,50,000	12,00,000
Sirhind canal	7,93,513	8,35,062	8,47,146	9,19,230	8,68,842	10,49,000	8,60,000
Lower Jhelum canal	20,046	1,42,414	2,78,982	4,74,667	6,61,147	7,50,000	6,95,000
Indus Inundation canals . . . . .	...	...	2,93,174	2,22,829	3,21,049	3,25,000	3,20,000
Lower Swat River canal	86,856	80,111	97,710	1,17,878	83,924	1,29,000	1,09,000
Godavari Delta System	6,09,464	5,70,647	6,07,601	6,96,655	7,52,964	6,28,000	6,50,000
Kistna " "	5,11,894	4,96,071	6,42,508	7,34,128	6,80,810	6,39,000	5,90,000
Pennér River canals " "	43,643	55,091	74,963	76,498	87,180	75,000	76,000
Periyar Project	98,493	1,26,351	95,726	91,707	98,514	1,12,000	1,16,000
Cauvery Delta System	36,746	44,048	45,482	65,442	67,864	1,02,000	1,05,000
Rushikulya Project	64,377	66,003	55,532	59,376	47,713	73,000	67,000
Desert canal	56,722	99,246	1,19,526	1,22,881	1,38,793	1,21,000	1,09,000
Begari " "	60,329	87,067	75,250	85,912	1,01,404	85,000	72,000
Eastern Nara Works	98,001	84,196	78,255	1,26,737	1,02,972	1,13,000	1,17,000
Mutha canals	74,943	1,22,653	85,913	95,461	89,636	80,000	82,000
Nira canal	44,229	43,591	47,868	60,394	65,782	62,000	57,000
Jamrao canal	1,52,889	2,18,286	2,09,931	3,15,472	2,95,237	2,52,000	2,91,000
Other projects	5,89,696	8,60,204	8,07,876	8,43,402	8,16,255	9,50,000	15,08,000
TOTAL	1,05,28,805	1,13,19,158	1,21,61,268	1,31,29,212	1,34,67,347	1,42,17,000*	1,39,56,000*

* Excluding Civil officers' figures as under:—

	Revised. Rs.	Budget. Rs.
United Provinces	20,000	19,000
Punjab	14,000	7,000
Total	34,000	26,000

APPENDIX IV—continued.

COMMERCIAL AND FINANCIAL STATISTICS.

Table VI.—Gross receipts, working expenses, and net earnings of Irrigation—Major Works, for five years ending 1905-06, with Revised Estimates for 1906-07, and Budget Estimates for 1907-08—concluded.

	ACTUALS.					Revised Estimate, 1906-07.	Budget Estimate, 1907-08.
	1901-02.	1902-03.	1903-04.	1904-1905.	1905-06.		
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
NET REVENUE—							
Mandalay canal . . . . .	...	—7,890	769	14,610	1,21,092	1,70,000	1,74,000
Orissa canals	—46,094	44,160	72,060	70,504	1,07,538	1,49,000	1,35,000
Midnapur canal	79,324	79,628	79,301	74,853	67,642	30,000	21,000
Hijili Tidal canal	19,284	6,365	18,529	—2,410	24,930	24,000	26,000
Sone canals	5,91,761	9,22,800	8,33,958	9,15,215	9,20,805	8,81,000	9,12,000
Ganges canal	25,96,078	32,75,072	31,88,595	31,65,172	26,75,481	42,79,000	37,98,000
Lower Ganges canal	11,56,293	14,35,058	14,70,862	17,74,289	15,83,734	21,03,000	17,10,000
Ditto, Fatehpur Branch	—46,615	13,607	1,12,833	1,55,172	33,993	1,56,000	2,12,000
Agra canal	4,05,605	6,28,097	5,76,467	6,13,776	2,31,814	7,12,000	6,97,000
Eastern Jumna canal	9,66,352	10,92,000	10,13,507	11,09,234	9,23,799	14,16,000	12,50,000
Betwa canal	—26,290	—16,033	34,230	48,171	61,185	1,26,000	23,000
Western Jumna canal	13,19,629	15,43,603	15,62,340	18,00,950	17,26,223	11,14,000	10,80,000
Lower Chenab canal	51,07,684	59,43,634	66,82,396	70,06,073	59,88,211	65,76,000	65,15,000
Upper Bari Doab canal	22,48,087	25,71,090	25,57,182	24,68,091	23,20,946	26,25,000	24,00,000
Sirhind canal	15,22,303	19,47,519	18,94,434	17,65,771	18,38,000	21,25,000	20,40,000
Lower Jhelum canal	—20,046	—1,04,604	—55,836	11,288	1,99,303	7,65,000	13,05,000
Indus Inundation canals . . . . .	...	...	1,13,508	1,56,053	1,15,437	1,08,000	1,00,000
Lower Swat River canal	4,15,569	4,49,567	4,68,035	4,16,149	4,04,378	4,37,000	4,41,000
Godavari Delta System	25,94,799	25,02,147	24,16,152	26,89,132	27,86,494	28,85,000	28,73,000
Kistna " "	23,01,348	23,07,957	19,57,444	22,59,287	23,55,000	24,27,000	24,76,000
Pennér River canals " "	3,29,074	3,17,765	3,03,688	10,910	3,40,116	3,53,000	3,52,000
Periyar Project	3,46,437	3,32,388	3,59,048	3,84,653	3,90,441	3,82,000	3,92,000
Cauvery Delta System	8,90,913	8,80,640	8,71,976	8,56,184	8,62,567	8,34,000	8,32,000
Rushikulya Project	36,551	31,640	36,744	38,964	58,817	35,000	42,000
Desert canal	1,31,553	95,666	89,224	1,93,950	2,36,075	2,84,000	2,85,000
Begari " "	3,22,053	2,72,621	3,15,670	2,97,073	3,82,874	4,47,000	4,65,000
Eastern Nara Works	3,78,666	4,36,029	4,47,929	4,17,839	5,74,190	5,61,000	7,07,000
Mutha canals	2,12,898	1,67,929	2,31,909	1,68,408	2,69,353	2,50,000	2,81,000
Nira canal	1,72,519	1,76,560	1,94,271	50,761	92,317	1,84,000	2,04,000
Jamrao canal	2,73,288	3,23,092	4,40,165	3,39,290	6,11,083	5,31,000	6,66,000
Other projects	7,86,794	4,72,642	9,08,881	9,15,090	7,97,828	12,63,000	8,33,000
TOTAL	2,50,65,817	2,81,40,750	2,91,96,271	3,01,84,502	2,91,01,672	3,42,32,000	3,32,47,000

APPENDIX IV—continued.

TABLE VII.—CAPITAL ACCOUNT OF GUARANTEED AND SUBSIDIZED RAILWAYS.

Actuals, 1905-1906.

RAILWAYS.		Amount in Rupees.	Amount in sterling at contract rates.	Equivalent at Rs. 15=£1.	Exchange.
GUARANTEED RAILWAYS.		R.	£	R	R
RECEIPTS.					
Madras		61,17,428	560,764	84,11,464	-22,94,036
Bombay, Baroda and Central India		38,48,421	256,561	38,48,421	...
	TOTAL	99,65,849	817,325	1,22,59,885	-22,94,036
ADVANCES.					
Madras		44,72,606	409,989	61,49,833	-16,77,227
Madras Extensions		2,464	164	2,464	...
Bombay, Baroda and Central India		-1,28,59,358	-857,291	-1,28,59,358	...
	TOTAL	-83,84,288	-447,138	-67,07,061	-16,77,227
NET RECEIPTS.					
Madras		16,44,822	150,775	22,61,631	-6,16,809
Madras Extensions		-2,464	-164	-2,464	...
Bombay, Baroda and Central India		1,67,07,779	1,113,852	1,67,07,779	...
	TOTAL	1,83,50,137	1,264,463	1,89,66,946	-6,16,809
SUBSIDIZED RAILWAYS.					
RECEIPTS.					
Capital received in India.	Amritsar-Patti	7,20,000	48,000	7,20,000	...
	Ahmedabad-Dholka	6,000	400	6,000	...
	Ahmedabad-Parantij	5,000	333	5,000	...
	Hardwar-Dehra	...	...	...	...
	Mymensingh-Jamalpur-Jagannathganj	35,000	2,333	35,000	...
	Tapti Valley	5,000	334	5,000	...
	TOTAL RECEIPTS	7,71,000	51,400	7,71,000	...
WITHDRAWALS IN INDIA.					
Assam-Bengal		-28,62,847	-190,856	-28,62,847	...
Bengal Central		-77,70,530	-518,036	-77,70,530	...
Bengal-Nagpur		2,52,507	16,833	2,52,507	...
Ditto Extensions		56,57,635	377,176	56,57,635	...
Burma		9,29,059	61,937	9,29,059	...
Indian Midland		6,54,749	43,650	6,54,749	...
Ditto Saugor-Katni		1,47,922	86 1	1,47,922	...
Lucknow-Bareilly		-58,565	-3,004	-58,565	...
Mysore		1,02,828	7,683	1,15,238	-12,410
Southern Mahratta		-10,48,073	-76,362	-11,45,426	97,353
		-39,95,315	-272,018	-40,80,258	84,943
Amritsar-Patti		6,33,762	42,251	6,33,762	...
Ahmedabad-Dholka		12,771	851	12,771	...
Ahmedabad-Parantij		3,658	244	3,658	...
Hardwar-Dehra		3,532	235	3,532	...
Mymensingh-Jamalpur-Jagannathganj		43,937	2,929	43,937	...
South Behar		3,535	236	3,535	...
Tapti Valley		-3,627	-241	-3,627	...
		6,97,558	46,505	6,97,568	...
	TOTAL WITHDRAWALS	-32,97,747	-225,513	-33,82,600	84,943
	Net Withdrawals	-40,68,747	-276,913	-41,53,600	84,943
GUARANTEED AND SUBSIDIZED RAILWAYS.					
	Net Withdrawals	-2,24,18,884	-1,541,376	-2,31,20,636	7,01,752

APPENDIX IV—continued.

TABLE VII.—CAPITAL ACCOUNT OF GUARANTEED AND SUBSIDIZED RAILWAYS
—continued.

Revised Estimate, 1906-1907.

RAILWAYS.		Amount in Rupees. (Omitting 000.)	Amount in sterling at contract rates. (Omitting 000.)	Equivalent at Rs. 15=£ 1. (Omitting 000.)	Exchange. (Omitting 000.)
		R	£	R	R
GUARANTEED RAILWAYS.					
RECEIPTS.					
Madras		67,21	616,0	92,41	-25,20
Bombay, Baroda and Central India		3	2	3	...
TOTAL		67,24	616,2	92,44	-25,20
ADVANCES.					
Madras		49,50	453,7	68,06	-18,56
Madras Extensions		12	8	12	...
Bombay, Baroda and Central India		11	7	11	...
TOTAL		49,73	455,2	68,29	-18,56
NET RECEIPTS.					
Madras		17,71	162,3	24,35	-6,64
Madras Extensions		-12	-8	-12	...
Bombay, Baroda and Central India		-8	-5	-8	...
TOTAL		17,51	161,0	24,15	-6,64
SUBSIDIZED RAILWAYS.					
RECEIPTS.					
Capital received in India,	Ahmedabad-Dholka	55	3,7	55	...
	Ahmedabad-Parantij	9	6	9	...
	Amritsar-Patti	6,60	44,0	6,60	...
	Hardwar-Dehra	7	4	7	...
	Mymensingh-Jamalpur-Jagannathganj	42	2,8	42	...
	Tapti Valley . . . . .	...	...	...	...
TOTAL RECEIPTS		7,73	51,5	7,73	...
WITHDRAWALS IN INDIA.					
Assam Bengal		-13,23	-88,2	-13,23	...
Bengal-Nagpur		3,93	26,2	3,93	...
Ditto Extensions		64,07	427,1	64,07	...
Burma		22,05	147,0	22,05	...
Indian Midland		11,50	76,6	11,50	...
Ditto Extensions		42	2,8	42	...
Lucknow-Bareilly		31	2,1	31	...
Mysore		2,82	21,0	3,15	-33
Southern Mahratta		-13,46	-89,7	-13,46	...
		78,41	524,9	78,74	-33
Ahmedabad-Dholka		50	3,3	50	...
Ahmedabad-Parantij		10	7	10	...
Amritsar-Patti		7,46	49,7	7,46	...
Hardwar-Dehra		4	3	4	...
Mymensingh-Jamalpur-Jagannathganj		43	2,9	43	...
South Behar		-3	-2	-3	...
Tapti Valley		6	4	6	...
		8,56	57,1	8,56	...
TOTAL WITHDRAWALS		86,97	582,0	87,30	-33
Net Withdrawals		79,24	530,5	79,57	-33
GUARANTEED AND SUBSIDIZED RAILWAYS.					
Net Withdrawals		61,73	369,5	55,42	0,31

FINANCIAL STATEMENT OF THE

APPENDIX IV—concluded.

TABLE VII.—CAPITAL ACCOUNT OF GUARANTEED AND SUBSIDIZED RAILWAYS
—concluded.

Budget Estimate, 1907-1908.

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	1,21,50	1,113,7	1,67,06	- 45,56
ADVANCES.				
Madras	97,85	897,0	1,34,55	- 36,70
Madras Extensions	40	2,7	40	...
TOTAL	98,25	899,7	1,34,95	- 36,70
NET RECEIPTS.				
Madras	23,65	216,7	32,51	- 8,86
Madras Extensions	- 40	- 2,7	- 40	...
TOTAL	23,25	214,0	32,11	- 8,86
SUBSIDIZED RAILWAYS.				
RECEIPTS.				
CAPITAL RECEIVED IN INDIA.				
Ahmedabad-Dholka	24	1,6	24	...
Ahmedabad-Parantij	25	1,7	25	...
Amritsar-Patti . . . . .	...	...	...	...
Hardwar-Dehra	30	2,0	30	...
Mymensingh-Jamalpur-Jagannathganj	1,38	9,2	1,38	...
Tapti Valley	14	9	14	...
TOTAL RECEIPTS	2,31	15,4	2,31	...
WITHDRAWALS IN INDIA.				
Assam-Bengal	- 16,46	- 129,7	- 16,46	...
Bengal Nagpur	- 17,51	- 116,7	- 17,51	...
Ditto Extensions	53,42	356,1	53,42	...
Burma	12,64	84,2	12,64	...
Indian Midland	23,94	159,6	24,36	...
Ditto Extension	42	2,8	...	...
Lucknow-Bareilly	2,75	18,3	2,75	...
Mysore . . . . .	...	...	...	...
Southern Mahratta	- 23,90	- 159,3	- 23,90	...
TOTAL WITHDRAWALS	35,30	235,3	35,30	...
Ahmedabad-Dholka	24	1,6	24	...
Ahmedabad-Parantij	25	1,7	25	...
Amritsar-Patti . . . . .	...	...	...	...
Hardwar-Dehra	30	2,0	30	...
Mymensingh-Jamalpur-Jagannathganj	1,38	9,2	1,38	...
South Behar	2	1	2	...
Tapti Valley	20	1,3	20	...
TOTAL WITHDRAWALS	2,39	15,9	2,39	...
Net Withdrawals	37,69	251,2	37,69	...
Net Withdrawals	55,38	235,2	35,38	...
GUARANTEED AND SUBSIDIZED RAILWAYS.				
Net Withdrawals	12,13	21,8	3,27	8,86

PROCEEDINGS OF THE COUNCIL OF THE GOVERNOR GENERAL OF INDIA,
ASSEMBLED FOR THE PURPOSE OF MAKING LAWS AND REGULATIONS;
UNDER THE PROVISIONS OF THE INDIAN COUNCILS ACTS,
1861 AND 1892 (24 & 25 VICT., C. 67,
AND 55 & 56 VICT., C. 14).

The Council met at Government House, Calcutta, on Wednesday, the 27th March
1907.

PRESENT :

His Excellency the Earl of Minto, P.C., G.C.M.G., G.M.S.I., G.M.I.E., Viceroy
and Governor General of India, *presiding*.
His Honour Sir A. H. L. Fraser, K.C.S.I., Lieutenant-Governor of Bengal.
His Excellency General Viscount Kitchener of Khartoum, G.C.B., O.M.,
G.C.M.G., Commander-in-Chief in India.
The Hon'ble Mr. H. Erle Richards, K.C.
The Hon'ble Mr. E. N. Baker, C.S.I.
The Hon'ble Major-General C. H. Scott, C.B., R.A.
The Hon'ble Sir Harvey Adamson, K.T., C.S.I.
The Hon'ble Mr. J. F. Finlay, C.S.I.
The Hon'ble Mr. J. O. Miller, C.S.I.
The Hon'ble Mr. Gopal Krishna Gokhale, C.I.E.
The Hon'ble Mr. A. A. Apcar, C.S.I.
The Hon'ble Mr. S. Ismay, C.S.I.
The Hon'ble Mr. W. T. Hall, C.S.I.
The Hon'ble Nawab Bahadur Khwaja Salimulla of Dacca, C.S.I.
The Hon'ble Nawab Saiyid Muhammad Sahib Bahadur.
The Hon'ble Sir Rameshwara Singh, K.C.I.E., Maharaja Bahadur of
Darbhanga.
The Hon'ble Munshi Madho Lal.
The Hon'ble Mr. Gangadhar Rao Madhav Chitnavis, C.I.E.
The Hon'ble Sir S. W. Edgerley, K.C.V.O., C.I.E.
The Hon'ble Mr. H. W. W. Reynolds.
The Hon'ble Mr. F. A. Slacke.
The Hon'ble Mr. H. A. Sim, C.I.E.
The Hon'ble Tikka Sahib Ripudaman Singh of Nabha.
The Hon'ble Dr. Rashbehary Ghose, C.I.E., D.L.

DISCUSSION OF THE FINANCIAL STATEMENT FOR 1907-1908.

The Hon'ble Dr. RASHBEHARY GHOSE said:—"Your Excellency, I cannot open the debate without congratulating the Government of India on the reduction of the salt-tax. This great boon, I am sure, will be much appreciated in millions of Indian homes where even common salt is regarded as something in the nature of a luxury. In lightening the salt-tax the Government have lightened, in some small measure, the hard destiny of the toiling masses who constitute the real people and who ought to be their first care. The successive reductions of the duty have all been steps in the right direction. But the greatest still remains behind—the total repeal of a tax which is such a heavy burden on those who are the least able to sustain it. We all hope that crowning step will be taken by Your Excellency before you lay down your high office. By repealing this obnoxious tax Your Lordship would add fresh lustre to a historic name which would then be cherished by us with the same affectionate veneration with which the name of Aurelian, who gave the people free salt, was cherished by the citizens of the Roman Empire.

"The remarkable stimulus imparted to the consumption of one of the first necessities of life by the recent reductions in the salt-tax of which the Finance Minister spoke on Wednesday last is to my mind a conclusive argument against the retention of an impost which falls so heavily on the hunger-stricken masses. Speaking in 1903, my Hon'ble friend Mr. Gokhale said that the consumption of salt was not even ten pounds per head, whereas the highest medical opinion lays down twenty pounds per head as the standard for healthful existence. But this standard will not be reached till the tax is completely wiped out; though it may be said that where food is not over-abundant, the consumption of salt need not be so high as twenty pounds. The Hon'ble Finance Member observed, in defence, I presume, of the retention of the tax on salt, that it is the only

[*Dr. Rashbehary Ghose.*]

contribution towards the public expenditure that is made by a large number of the people. My Hon'ble friend Mr. Gokhale, I know, does not admit the correctness of this statement. I hope Mr. Gokhale is right; for, if the Hon'ble Finance Member's assertion is well founded, what does it show? It only shows the hopeless, the unspeakable, poverty of the masses in India.

"My Lord, with the dark shadow hanging over our opium-revenue, the total repeal of the duty may seem to be a bold or even a rash step to take. There is, however, a well-known saying about threatened men, and I believe this will hold good of our trade in opium with China. But if the government of the country cannot be carried on without the revenue derived from salt, I would suggest the imposition in its stead of a succession-duty on the estates of deceased Hindus and Muhammadans.

"Our best acknowledgments are also due to Government for the provision which has been made in the Budget under review for enabling Local Administrations to meet a famine immediately without being obliged to do so with their own limited resources. The new scheme promises to relieve the various Local Governments of the strain on their exchequer when they are threatened with a famine. Under this system the greater part of the burden would fall on the Imperial revenues. But the real problem before the Government is not to meet a famine by doles, but to avert it. This can only be done by lightening the burden of taxation, by the construction of irrigation canals, the spread of improved methods of agriculture, the encouragement of manufacturing industries, and the growth of intelligence among the people by means of education. Without these neither Agriculturists' Relief Acts nor Land Alienation Acts would avert those terrible visitations which many intelligent foreigners regard as a standing reproach to the Government of the country. The evolution of the Famine Code may be a very excellent thing, but the evolution of agriculture and manufacturing industry would be more welcome. A hungry people, my Lord, can never be a very contented people, for hunger is a mischievous counsellor, more mischievous than the most pestilent agitator or the most vocal loyalist whom it requires Ithuriel's spear to unmask.

"My Lord, it may be, as we have been told, that no Government in the world except the British is capable of doing what Britain is able to do in India in famine time, and that no Government that might be substituted for the British would attempt to undertake such a task. But the world and its Governments are rather censorious and might be tempted to ask awkward questions when Indian famines are made to adorn a peroration or to point what to an English audience must be an obvious moral. Every school boy knows the story of Arisides and the Athenians.

"I have no desire, my Lord, to play the part of the pessimist who refuses to be comforted. But though the youngest member here present, I am no longer young in years and have lost the robust optimism and together with it some of the illusions of the springtide. Trade returns and increasing revenues, like all statistics, may be made to tell a flattering tale, but the frequent recurrence of famines is an undeniable fact which is not adequately explained by rhetorical phrases about wresting the keys of the universe from Providence, and when I think in this Council chamber of my famished countrymen, I seem almost to hear their piteous cries which are as the 'moaning of the midnight sea', and am unpleasantly reminded of a passage in Heine in which that rather strident mocker describes the dismay of the Olympian gods at a ghastly sight on which I may not be more explicit; for this somewhat erratic genius who was engaged all his life in doing battle manfully with Philistinism did not write for the parsonage or the drawing-room.

"This is, however, not the proper place to discuss the question on which so much controversy is surging in our day, namely, whether the people of India are growing more and more prosperous notwithstanding the ever-increasing foreign drain for which Lord Salisbury, who was nothing if not cynically frank, substituted a stronger expression, which need not be repeated here. The reason why I do not enter upon the discussion is that I cannot compress it within the limits of a single speech. One thing, however, is clear. India is still a very poor country, and we must, to use a homely saying, cut our coat according to our cloth. And this leads me to say a few words on the military estimates. For though we cannot divide or even move a resolution, the lyrical function of speaking out our hearts is not denied to us. My Lord, it is our high office and privilege to be the interpreters between our countrymen and Government, and we should be

[*Dr. Rashbehary Ghose.*]

wanting in our duty if we did not attempt according to our feable lights to assist in the solution of the various questions suggested by the Budget on which depend the happiness and prosperity of one-sixth of the whole population of the earth. A great English minister whose name is dear to all lawyers told us the other day that he has no more control over these estimates than over the winds and tides, but we have yet not reached that stage of positive perfection which refuses to believe in the efficacy of prayers, and which in the present case need not be wafted across the seas.

"One of our poets who lived many centuries before Shakespeare and Milton, and whose name is quite familiar in Germany, if not in England, has said of an ancient Hindu King:

प्रजानामिव भूत्यर्थं स ताभ्यो बलिमग्रहीत् ।
सहस्रगुणमुत्सृष्टमादत्ते हि रसं रविः ॥

'For the welfare of the subjects themselves he used to take taxes from them; just as the sun takes water (from the earth) to return (the same) a thousandfold (in the shape of rain).'

"Peace and order are no doubt the greatest blessings which the king confers on his subjects in return for the taxes paid by them, and it would be puerile to complain of any expenditure reasonably incurred in defending the country and in maintaining peace and order, without which no progress is possible. But there is a very general idea in this country that the military estimates are excessive. In the time of the Mogul Emperors, when the soldiers were paid in land, only a few estates, or rather their revenues—which I may mention in passing never left the country—were set apart for the support of the army. At the present day, however, our military expenditure exceeds the whole of the land-revenue, so that not only has all India become one vast military feud, but even the poor man's salt must contribute to the maintenance of mountain batteries ready to take the field in any part of the world.

"My Lord, I may be told that I am a mere lawyer 'that never set a squadron in the field,' but there are some questions on which the man in the street may claim to be heard. Shortly after the Crimean War there was an interesting controversy between Lord Palmerston and Sir George Lewis on the proverbial saying that prevention is better than cure, which like all epigrammatic sayings contains only a half-truth. It may be a good maxim in medicine, but in its application to politics we must not forget that the system of insurance may be carried too far. If an evil is certain and proximate, prevention is certainly better than cure; but not so if the evil is remote and uncertain. For the evil may probably never occur and the cure, should it occur, may not be very expensive. 'Our foreign relations,' said Sir George Lewis, that most logical of reasoners, 'are so various and so intricate that if we insure against every danger which ingenuity can devise, there will be no end of our insurances. Even in private life it is found profitable for those who carry on operations on a large scale not to insure. A man who has one or two ships, or one or two farmhouses, insures. But a man who has many ships and many farmhouses often does not insure.' Most people will, I venture to think, admit the truth of these remarks; though they may not agree with Sir George Lewis that diplomatic agents whose time is generally only half employed are sometimes too apt to frighten their own Government with exaggerated reports of the ambitions and encroaching designs of foreign Powers, which I may add have sometimes a tendency to fulfil themselves. The real truth is the foreign relations of England are on too large a scale to allow her to insure systematically for all risks, however, remote and contingent. But she may always safely rely upon the valour of her sons and the goodwill and loyalty of a contented people.

"I repeat the answer to the question—is prevention better than cure?—must depend upon the magnitude, the certainty, and the nearness of the peril against which we have to guard ourselves, and I submit that the enormous military expenditure is too large a premium to pay to insure us against the off-chance of a foreign invasion; specially at the present moment, when our relations with our neighbours are most friendly, and there is not a speck of cloud in the blue sky. But some of us are too prone to anticipate the future, and in constantly watching the movements of other nations forget the humbler duties which lie near at hand.

"On such a question of policy as this, and, as Disraeli pointed out long ago, military expenditure depends upon policy, surely a civilian is entitled without

[*Dr. Rashbehary Ghose.*]

presumption to form his own opinion. Indeed, in some respects he is likely to take a sounder view, as he would not be under the dominion of those idols of the den and of the market which are so apt to cloud our vision. 'All professions,' says Cardinal Newman, 'have their dangers; all general truths have their fallacies, all spheres of action have their limits, and are liable to improper extension or alteration. Every professional man has rightly a zeal for his profession, and he would not do his duty towards it without that zeal, and that zeal soon becomes exclusive or rather necessarily involves a sort of exclusiveness. A zealous professional man soon comes to think that his profession is all in all, and that the world would not go on without it. We have heard, for instance,' adds the Cardinal—he was speaking not in the twentieth but in the nineteenth century, 'a great deal lately in regard to the war in India, of political views suggesting one plan of campaign and military views suggesting another. How hard it must be for the military man to forego his own strategical dispositions, not on the ground that they are not the best,—not that they are not acknowledged by those who nevertheless put them aside to be the best for the object of military subjects,—but because military success is not the highest of objects and the end of ends,—because it is not the sovereign science, but must ever be subordinate to political considerations or maxims of government, which is a higher science with higher objects,—and that therefore his sure success on the field must be relinquished because the interests of the Council and Cabinet require the sacrifice, that the war must yield to the statesman's craft, the Commander-in-Chief to the Governor General. Yet what the soldier feels is natural, and what the statesman does is just. This collision, this desire on the part of every profession to be supreme, this necessary, though reluctant, subordination of the one to the other, is a process ever going on, ever acted out before our eyes.'

"My Lord, I fear in my remarks on the Budget I have taken too wide a sweep and have overlooked the law of concentration of energy, but there remain two questions which call for immediate solution, and on which I trust I may say without much arrogance or presumption I have some claim to speak.

"My Lord, it is frequently said that India is held by the sword. This is perfectly true. But the sword by which the country is held has both a finer temper and a keener edge than the rude weapon of the soldier; for it is the sword of Justice. Whatever, therefore, is calculated to promote the proper administration of justice ought to engage the earnest attention of Government. Now, I am not going to discuss the capacity of our young Magistrates to deal out justice among a people with whose language they can have only a very imperfect acquaintance, and whose manners, customs, and sentiments must be a sealed book to them, for I know it is not always expedient to say things merely because one honestly believes them. But it is certainly not inexpedient to point out one most serious blot on the administration of criminal justice. Is it necessary to say that I refer to the union of judicial and executive functions in the same public servant? I admit that the fusion may have been necessary in earlier times, and may possibly be still necessary in the more backward parts, but it is certainly an anachronism at the present day in the advanced provinces. The memorial which was addressed to the Secretary of State in July 1899 by Lord Hobhouse, Sir Richard Garth, Sir Richard Couch, Sir Charles Sargent, Sir William Markby, Sir John Budd Phear, Sir John Scott, Sir William Wedderburn, Sir Roland Wilson, and Mr. Reynolds embodies everything that can be said on the question, and it would be a work of supererogation to travel over the same ground again. There are, however, some fallacies which, though doomed to death, are yet fated not to die. The opponents of reform still assert with a confidence not according to knowledge that the combination is essential to the prestige of a public officer in an oriental country; but, as pointed out in the memorial in question, is the prestige of the Viceroy less than the prestige which hedges in a District Magistrate, because the Magistrate may send a man to gaol and the Viceroy cannot? And this reminds me that prestige—which literally means an enchantment or illusion—is a word of evil parentage; as a distinguished conservative statesman said on a memorable occasion, and even in its best sense means something (I need not be more explicit) of which those who speak of their prestige have no reason to be proud. Lord Macaulay once said: 'I have often observed that a fine Greek compound is an excellent substitute for a reason.' In India, where a knowledge of Greek is not so common, and a new compound cannot be readily turned out, a sonorous word like 'prestige' serves the same useful purpose.

[*Dr. Rashbehary Ghose.*]

"It is also said by the opponents of the proposed reform that it is a mere counsel of perfection, as you cannot carry it out without doubling the staff throughout the country, and we are reminded of the condition of Indian finance. But Mr. Romesh Chunder Dutt, who rose to be the Commissioner of a Division, has shown that in the province of Bengal at least the separation of judicial and executive functions would not add materially to the cost of administration, and that any additional expenditure which it might entail could be easily met by savings or economies in other directions. The scheme formulated by Mr. Dutt was referred to with approval in the memorial submitted to the Secretary of State, and there is every reason to believe that it can be practically carried out. It is, however, unnecessary for me to labour this point; for the plea of an empty exchequer is no longer tenable; but I fear that a bureaucracy always 'perplexed by fear of change' will find some other excuse for retaining their authority. The scheme, they will say, looks very well on paper, but any attempt to put it into practice will certainly end in failure. Readers of Sydney Smith will, however, remember the famous oration in which the greatest wit which the English Church gave to the nineteenth century gathered together the long catena of fallacies which were so ruthlessly exposed by that stalwart radical, Jeremy Bentham, whose name was once a bye-word for all that is hateful. 'I tell the honourable mover at once,' says the orator in Sydney Smith, 'his scheme is too good to be practicable. It savours of Utopia. It looks well in theory, but it won't do in practice. It will not do, I repeat, Sir, in practice, and so the advocates of the measure will find if, unfortunately, it should find its way through Parliament. (Cheers.)' The truth is, a reluctance to part with power is inherent in human nature, and there is a great deal of human nature in the members of that much be-praised service, the Covenanted Indian Civil Service, some of whom, whose knowledge of the East seems to have been drawn from the Arabian nights, would perhaps like to play the part of the Cazi sitting in the gate, administering patriarchal justice. 'Just the thing, you know, for these orientals.'

"My Lord, the country has been waiting for the proposed reform for years. The distinguished men who memorialized the Secretary of State in 1899 earnestly trusted that Lord George Hamilton would ask the Government of India to prepare a scheme for the complete separation of the judicial and executive functions, and to report upon this urgently pressing question at an early date. But nothing has yet been done. The question, we are told, is still under consideration. No reader of Dickens need however be surprised at this; specially when he remembers that red tape is now even cheaper than in the days of Little Dorrit.

"The union of judicial and executive functions in the same person is not the only anachronism to which I would invite Your Excellency's attention. In the administration of civil justice, too, we are weighed down by the dead hand of the past. The highest judicial offices with the largest salaries in the provinces have been reserved as a close preserve for the members of the favoured Civil Service. I freely admit that there are many among them distinguished by ability of the highest order; but ability, however great, cannot dispense with legal learning; for though administrative skill may come by nature, a knowledge of law is unfortunately not one of the gifts of fortune. The result is their incapacity is contrasted with the knowledge and training of those over whose judgments they sit in appeal, members of the Subordinate Judicial Service, as it is called, men of ripe experience and possessing the inestimable advantage of being natives of the country. Now it may be that the countrymen of Sir Salar Jung of Hyderabad, Sir Madhava Rao of Baroda, Dewans Poorniah and Ranga Charlu of Mysore, Sir Dinkar Rao of Gwalior, Kantichandra Mookerji of Jeypore, are not fit for high executive office,—the experiment has yet to be made, but our fitness for judicial office is acknowledged by everybody including Privy Councillors like Lord Selborne.

"So far back as 1842 the Indian Law Commissioners considered 'a more extensive employment of the natives of the country as a means both of increasing the efficiency of the Courts and of improving the moral condition of the people.' Again, the Public Service Commission, which included a retired Chief Justice of Madras and other distinguished members, in their report, which was published more than eighteen years ago, said:—'It may be observed that many witnesses examined before the Commission have urged that judicial offices should be made over more freely to natives of India, and some witnesses have gone so far as to recommend that the greater part, if not the whole, of the civil judicial work of the country might be usefully entrusted to native agency.

[*Dr. Rashbehary Ghose.*]

In the expediency of employing duly qualified natives to a large extent in the judicial branch of the public service, the Commission fully concurs. The highest judicial offices in the country have already been filled by natives with marked ability, while the subordinate judiciary, which is composed almost exclusively of natives of India, has displayed very great aptitude for judicial office.'

"In 1869 a writer in the *Edinburgh Review*—it is an open secret that the author of the article was Mr. Justice, now Sir William, Markby—gave an extract from a minute of Mr. Justice Loch, who was formerly himself a District Judge, which shows pretty clearly the state of things in the sixties of the last century. 'An assistant' said Mr. Justice Loch (that is, a member of the Civil Service who has just come out from England), 'remains at the sudder station of a district for a very short period. In the course of a year from his joining it, he is liable to be sent to take charge of a sub-division. For the next fifteen years of his career, he is employed in the duties of a Magistrate and Collector.' That is the first part of his career, and the last part is described in these words:—'Without any training in the particular duties of a Civil Judge or *any knowledge of the law by which his proceedings are to be guided*, a man after fifteen or more years' service as Magistrate or Collector, or both, is transferred to the bench and expected to control a number of subordinate Courts, the judges of which may have commenced and continued their judicial career before he entered the service.' It would be impossible to give a complete idea of such a career, says the *Edinburgh reviewer*, to any one who is not acquainted with the administration, or rather the mal-administration, of justice in India. Suppose, says the writer, a man who had divided fifteen years of his life between the duties of chief constable of a county, a land-agent, a justice of the peace, and a clerk in Somerset House, were to be suddenly placed as a Judge in the Court of Queen's Bench, you would have something of the same kind in England and not more absurd.

"I must not here omit to refer to a letter addressed nearly fifty years ago by Mr. Howard, Director of Public Instruction of Bombay, to the Government of that province, in which he said 'The time is fast approaching when lawyers trained in this country will be procurable in such numbers, and possessed of such professional attainments and practical experience, as to constitute a formidable body of rivals to the untrained Judges of the Civil Service. I am well aware that many members of the Civil Service believe that a Judge in this country need have no law; that "common sense" is enough for him illuminated by practice and a knowledge of the people. To this it would certainly be replied, with unanswerable force, that the question is not between knowledge of the law on the one hand and practical experience on the other, but between law and no law, practical knowledge being equal on both sides. The question then will present itself before many years.—'Can Government exclude from the highest judicial offices the only men who are especially educated and competent to fill them? And if the answer is in the negative, the result will sooner or later be to give natives a monopoly of the Judicial Bench.'

"If Mr. Howard had belonged to the household of bureaucracy, he would not have been filled with these misgivings. The existing order of things may not be altered according to their law, which altereth not. They may be convinced, but they will not be persuaded; mere routine and prescription, if I may venture to say so without offence, playing a large part in moulding their opinions; for the dyer's hand is subdued to what it works in. But the minds of men are widened with the process of the suns and I am not without hope that the reforms which I am advocating will be carried out in due time. I say, due time, for I have no hope of taking by storm the stronghold of officialdom. I know too that reform is always slow-footed, and nowhere more so than in India. But I have no hesitation in saying that the time has now arrived when the civil judicial work in the more advanced provinces may and ought to be entrusted to Indian agency. I should add that since Mr. Justice Loch wrote, and the *Edinburgh Reviewer* exposed the absurdity of the whole system, things have grown very much worse. For we now find boy-magistrates, as they are sometimes called by an irreverent public, of only seven or eight years' standing, promoted to the bench of the District Court. On the other hand, the universities are annually sending forth a large number of lawyers with the best legal training. The evil, therefore, instead of being on the wane, is constantly on the increase, and any delay in reforming the system would only lead to the contrast between the Judges of the Civil Service and the trained lawyers being more and more marked. Surely, surely this is a grave scandal which ought not to be any longer tolerated, though its removal may trench on the vested interests of the Indian Civil Service.

[*Dr. Rashbehary Ghose.*]

“ Again, the work of administration is gradually assuming such vast proportions that if the country is to be better governed, Indian agency must be more and more largely employed as we cannot sustain the cost of importing our public servants from England, except under absolute necessity. The admission of one or two Indians annually to the Covenanted Civil Service will not solve the problem, nor the promotion of a few men to the Provincial Service. It is no longer a question of generosity or even of justice but, as many distinguished Englishmen have said, an absolute financial necessity. This may be said to be a truism, but the enunciation even of truisms is sometimes not altogether unprofitable.

“ Both economy and increased efficiency therefore call for the change for which I am pleading. It is also demanded by other and perhaps higher considerations. A new movement, my Lord, is in progress which threatens to sweep aside the moderate party who are described as dark Ferjungees whose sole ambition is to please their English masters. It is no secret that our young men, not merely in Bengal but also in the other provinces, not merely Hindus but also Muhammadans, are drifting further and further away from that party to which I have the honour to belong, and which they charge with having fallen under the spell of ‘ political hypocrisy ’ and ‘ transparent subterfuges,’ utterly unable to withstand the subtle arts of those ‘ who would keep the word of promise to the ear and break it to the heart.’ In the bitterness of their hearts they forget all that they owe to Government, British peace and British order, British freedom of speech and British freedom of public meeting. They forget too that if the dead bones have begun to stir, it is English science and English literature that have breathed the breath of life into them. But these men who claim to be the very salt of India can find nothing good in a foreign Government and are continually mourning over the destruction of their arts and their industries, their exclusion from their legitimate share in the management of their own affairs, their physical as well as political enervation, their poverty and what they call their more than Egyptian bondage.

“ I do not mean to hold this out as a threat ; for I know the English character too well to imagine that our rulers would make any concession to groundless disaffection. I mention it only to induce them to look facts in the face. My Lord, men whose minds have been nourished on the strong meat of English history and of English literature cannot long be refused a proper share in the administration of their own country. Here is an opportunity of redeeming the pledge given by Parliament in 1833 and repeated in the Queen’s Proclamation, which lays down the principle that the people of India have a right to share with their fellow English subjects, according to their capacity for the task, in the administration of the country, a principle which has since been repeatedly affirmed by the Government of India. Those who are jealous of the honour of England and feel any stain on her good name as a wound—and we as her adopted children can claim to be among them—must keenly desire that these promises should not remain a dead letter.

“ In the name, therefore, of economy, in the name of increased efficiency, by the solemn pledges given by the Parliament of Great Britain, by that Proclamation which is at once our trust and our charter, the Proclamation of the good Queen whose name will be cherished by us longer than the most enduring hall in marble or effigy in bronze, I invite, I implore, I beseech Your Excellency to throw open the judicial service to trained lawyers in India, and thus satisfy in some measure our legitimate aspirations.

“ I have already given so much good advice to Government that I feel some hesitation in giving more. But our rulers are civilised men, and I am not likely to come to any harm if I venture to add that the income-tax, although an essentially equitable tax as falling on those who are best able to bear the burden, is in one respect open to objection. The incidence of the tax is the same whether the income is precarious—as, for instance, professional income—or permanent, earned or unearned.

“ My Lord, I began by thanking Government for the reduction of the salt-duty, and I will conclude by expressing our deep gratitude for the grant of 303 lakhs for

[*Dr. Rashbehary Ghose ; Tikka Sahib of Nabha.*]

the encouragement of education as well as the promise which is held out of free primary education. What the country wants is a network of schools for primary as well as secondary education, and above all the very highest kind of technical education; for the industrial development of the country with its vast resources is the problem of problems of the present day. We know how difficult it is to build up an industry without protection. But to ask for protection for our nascent industries would be to cry for the moon. We cannot regulate our tariffs; we can only suggest and implore. And this is the real secret of the strength of the Swadeshi movement. We know that the industrial supremacy of England was first established under a policy of strict protection which had such a disastrous effect on our own industries. We know, too, how Germany and the United States have prospered under a similar policy. The Government of India have expressed their sympathy with the Swadeshi movement. If they cannot show their sympathy by abolishing the excise-duties on our cotton manufactures, let them show it by endowing a central polytechnic college on the model, I will not say of the institutions which have been established in the United States or in European countries, but on those which have been established in Japan. But though we want more than Government are now in a position to give us, I repeat we are deeply thankful for the liberal provision made in the Budget for the wider diffusion of education. And here let me congratulate the Hon'ble Finance Minister on the Budget he has been able to lay before us. If it is true that 'a sorrow's crown of sorrows' is remembering happier things, it is equally true that a joy's crown of joys is the memory of unhappier times. And I remember the dark days when, owing to the financial situation of the Government, the construction of important public works had to be suspended, when all branches of the administration were starved, and when even the cry of the military authorities, 'Give, give,' not unfrequently met with a blunt refusal. And I also remember how that good man Sir James Westland struggled manfully against adversity, and that the only redeeming feature in his Budget was the grant of exchange compensation allowance, against which, however, I had the hardness of heart to protest in the interest of the not very lightly taxed people of this country.

"I have now, my Lord, come to an end. I trust in the few remarks which I have ventured on the Budget I have not shown a censorious spirit. If I have not extenuated anything or played the rôle of an indiscriminate panegyrist, an easy rôle to play, no one can say that I have deliberately set down aught in malice. Perfect impartiality, we all know, cannot be expected from any man, not even from an official bronzed by fifty Indian summers. But one thing I may claim for myself without boasting, and that is honesty of purpose—an honesty of purpose which is perfectly compatible as well with fidelity to Government as with fidelity to the best interests of India, our mother-land, a land of which we have every reason to be proud."

The Hon'ble TIKKA SAHIB RIPUDAMAN SINGH OF NABHA said:—"My Lord, I heartily congratulate my Hon'ble Colleague the Financial Member on the satisfactory budget which he presented to the Council this day last week. It is a matter of sincere pleasure that the present Financial year has closed with a large surplus in excess of the budget estimate of the last year.

"For the third year in succession the Hon'ble Member has been able to announce a reduction of the salt-tax to Re. 1 a maund throughout the whole of India. This measure is estimated to cause a loss of 190 lakhs of rupees in 1907-08, but we sincerely hope that this loss to the State Treasury will be more than repaid by the increase in consumption of salt, as has proved to be the case on past occasions whenever tax was reduced in this direction.

"The reduction in the postal charges and the raising of the weight of articles carried by post will be welcomed by the educated class of people in this country, who will be benefited by this change.

"The grant of 22½ lakhs of rupees to Local Governments for Police reform will be considered satisfactory on all hands, and it is hoped that the reforms advocated by the Police Commission will be thoroughly carried out.

[*Tikka Sahib of Nabha.*]

“The recasting of the system of Famine Relief is a measure that will enable Local Governments to meet this calamity—whenever it unfortunately befalls the country—with greater energy and better equipment.

“My Lord, as a Sikh I naturally feel inclined to think first about the defence of my country, and I beg to be allowed to offer a few observations on the subject. It is a matter of satisfaction that our army has of late been brought to a higher standard of efficiency and placed on a more secure footing, so that our forces are now ready to take the field at a moment's notice. But, my Lord, I am afraid that even now they are not adequate to meet all emergencies, and for that reason I would beg leave to say a few words.

“It is true that even in Europe people are now thinking of reducing armaments, and conferences are held at the Hague to promote universal peace; thinkers like Tolstoi preach to us non-resistance to evil by violence as the only means of securing national peace and prosperity; but I beg to submit that in my humble opinion all these things sound well only in theory, but cannot be brought within the range of practical politics. In my opinion, the best guarantee of peace is not passive resistance, but armed force, and so it is not only necessary, but imperative, that our army should be strong enough, both for offensive and defensive purposes. My Lord, I am not going to suggest that our regular army should be increased. I am rather of opinion that mercenary troops alone cannot be relied upon in a moment of grave danger to defend the interests of a great country. Therefore I beg leave to suggest that a scheme should be worked out to create a national militia and large reserve force ready to serve with the regular troops whenever required. I don't mean to say that a large proportion of the population should be armed: all that I suggest is that a larger number of able-bodied young men should receive military training and form a reserve force. We gratefully acknowledge the great boon of education, the security of life and property, and other great benefits conferred on the people of India by the British Government; but, my Lord, it would be a matter of deep regret and disappointment to the well-wishers of the country if the people deteriorate in physical strength and the martial instincts of the warlike races of India are allowed to die out. I am sorry to confess that with the spread of civilization people are, to a great extent, losing their energy, activity, and manly habits; their love of luxury is making them more and more effeminate. I know, my Lord, that the problem is difficult of solution; but as it has to be faced, some practical steps should be taken in this direction, though nothing need be done in a hurry. It would not be perhaps advisable to begin with the scheme on a large scale, and hence I beg leave to suggest that in the beginning an experiment should be made in the Punjab, and it can be extended to other Provinces of India when it proves successful, as I believe it will if properly carried out. This will serve many other purposes also. First, the difficulty of recruiting for the regular army will disappear, as trained men from this reserve shall always be available for the regular army. Secondly, this force will serve as a reserve and, in the time of war, will be available to fill the vacancies in the Indian Army caused by losses of war. Thirdly, these forces will be always at hand for independent action. And thus we shall have at our disposal a body of fine men at a comparatively small cost. I am not going to present a cut-and-dried scheme in this matter—that should be and must be left to the Military experts to work out. I have merely expressed the thoughts which have occurred to me. My Lord, I don't know in what light the Council will take these suggestions of mine, but for my own part I assure you that they are coming from the heart of one whose sole aim is the stability of the British Raj in India, and the prosperity and security of his own country. Lord Curzon in one of his speeches spoke of the Punjab as ‘the home of a race that produces not merely men but heroes,’ and these words of Lord Curzon will justify my suggesting that the experiment should be first tried in the Punjab. Moreover, the loyalty of the Sikhs is a proved fact. Their devotion to the British Raj is formed on the well-known prophecy of their ninth Guru, and so they consider their interests as one with those of the English Government.

[*Tikka Sahib of Nabha.*]

“ My Lord, I must acknowledge here with deep gratitude on behalf of the Sikhs the kind and sympathetic treatment which they have always received at the hands of the Government, and more especially the deep interest recently shown by Government for their intellectual advancement by promoting and patronizing the spread of education among them. In this respect our best and warmest thanks are due to the Hon'ble Sir Charles Rivaz, who did all that he could to put the Khalsa College on a firmer and more secure basis than it had been before.

“ I wish to God that the day may never come when the Sikhs grow incapable of wielding their swords for their beloved Emperor and country and become so void of martial spirit as to bring shame on their past history. For this end, side by side with mental training, physical and military instruction are necessary. One is just as important and essential as the other, and it is to meet this end that I venture to suggest that each able-bodied Sikh youth should receive military training. I cannot do better than to conclude my remarks on this subject, by quoting the words of Your Excellency's predecessor, who said in reply to a Sikh deputation at Lahore as follows:—

‘ I am pleased to learn that the Khalsa College, which was founded in the time of Sir James Lyall, has already attained to a high standard of excellence, and I hope that it may continue to receive the active support of the Sikh Princes of the Punjab, *and may turn out a number of young men, who, like Lord Lawrence in the famous statue which stands in this city, may be competent to wield the pen, at the same time that their hand rests confidently upon the hilt of the sword.*

“ My Lord, now I shall pass on to another subject, I mean the Imperial Service Troops. From the Statement which was laid on the Council table in reply to my question, it appears that 23 States in all keep these troops. To any one who is a true patriot, and more especially to the Indian Princes, nothing can be more pleasant and honourable than being associated with the defence of their country and their homes; but, my Lord, if I am not mistaken, the burden seems to me not to be equally divided among them in this respect. I have appended a statement* which will show that the annual cost of upkeep of these troops against the annual income of each State is not uniform, but varies from 1 per cent. to 14 per cent. It is true that these troops are the result of voluntary offers of Indian Princes, but I cannot help thinking why the Government, in view of their other pressing requirements, should not consider it proper and advisable that a rule should be laid down in this matter, in order that every one of them should bear an equal share of the burden in proportion to their respective resources. The expenditure of the State for the upkeep of its Imperial Troops, in my humble opinion, should not exceed 5 per cent. on its annual net income, which will be found adequate for all such purposes. My Lord, it is hoped that ‘ the sound principles that were formulated in the first place by Lord Dufferin and Lord Lansdowne more than fifteen years ago ’ at the time of formation of these troops, the principles which ‘ are essential to its vitality ’ will be ever adhered to, and that these troops will ‘ not be swept into the Indian Army, or treated as though they were the mercenaries of the Crown. ’ These are the words of Lord Curzon; for my part I can only say that whenever the occasion arises not only these Imperial Troops but every available resource of each State will be at the disposal of the Government.

“ My Lord, I want to say a few words about the Imperial Cadet Corps. When this Corps was formed great hopes were entertained. It was thought that a move had been made in the right direction, that the most honourable military posts had been thrown open to the young noblemen of this country, that the Government had done well in thus taking the people into their confidence, and, what was above all, Your Excellency's illustrious predecessor assured us more than once that all the cadets who passed the required examinations would be given commissions in the Indian Army. This was surely a statesmanlike step which Lord Curzon took to solve a pressing problem of the day. Let us hope that this Corps will not only remain as an ornament to the Indian Army, to add to the brilliancy of processions on State occasions, but will also fulfil the real object for which it was formed by the late Viceroy.

**Vide Appendix C.*

[*Tikka Sahib of Nabha.*]

“ My Lord, before I pass on to other subjects, I consider it my duty to draw the attention of the Government to the constitution and privileges of the Legislative Council of the Punjab, the Province which I have the honour to belong to and represent on this Supreme Council.

“ Now that the question of the reform of Indian Legislative Councils is under the consideration of the Government of India, I cannot let the opportunity pass without praying that the rights and privileges now enjoyed by the Legislative Council of the United Provinces of Agra and Oudh may be extended to the Punjab. The Punjab cannot be considered in any way less advanced or less intelligent than its sister and neighbouring province.

“ My Lord, I cannot help drawing your attention to the social condition of my country, and a few words about it will not perhaps be considered out of place. I am sure that when I plead for the rights of women of India I will not plead in vain. I know that the Government cannot directly do much in the matter of certain social reforms, but, my Lord, in my humble opinion, it is social backwardness which has helped and is still helping to check the progress of India to a great extent. The caste system, the neglected condition and ignorance of women, the early marriages, etc., all these things combined are doing more mischief than anything else to the country and its people.

“ It is true that with the spread of Western education people have realised the uselessness and absurdity of some of the old and deep-rooted customs, and have begun to improve gradually, and the people of the educated class mix with each other now more freely than before on social occasions. But may I be permitted to point out that centuries before the spread of Western education great teachers of India, like Guru Nanak, realised and not only preached—in those days of great religious intolerance, when people used to be persecuted for telling the truth—but took practical steps to abolish the caste system of India, to raise the status of women equal to that of men, along with many other things.

“ My Lord, in the matter of education our women are still left far behind. It is the mother who first moulds the character of her children. Female education is of as vital importance as the education of boys. One of the difficulties which stood in the way of this reform was the apathy of the people shown towards it. The purdah system also unfortunately stood in its way. It is a good sign that people are now beginning to feel the necessity of this reform. Whenever the Government or the liberality of some private person starts an institution for the education of girls, it is welcomed on all hands and people are now ready to take advantage of this boon. The Punjab offers a very good field for this reform, where the purdah system is not so strictly observed as in some other provinces, and where the people are free from many prejudices. An adequate sum out of the educational budget should be appropriated to promote the education of women which must bear a reasonable proportion to that which is spent for the education of boys. Unless we take up this question earnestly in hand I am afraid every other effort done to improve the condition of the people will be fruitless. It is a pleasure to see that a proper move has been made in this direction in the Punjab, and the proposal to establish a girls' school at Lahore is now engaging the attention of the Government; and we have once more to thank Sir Charles Rivaz, whose interest in the education of girls has enabled the Punjabis to form a scheme for the establishment of a good school for girls which has received the support of all classes. The provision of 304 lakhs of rupees in the budget for education—the highest ever yet made—is very encouraging, and free primary education, for which hopes are held out, will prove a great boon to many poor students who could not avail themselves of the benefit of education of even this standard owing to the scanty means of their parents.

“ My Lord, the curriculum of our schools requires to be carefully revised. The things which merely tax the memory of the students without awakening their curiosity and training their faculties of reasoning and observation should be avoided. The system of examinations should be made more elastic than it is at present, and students should be allowed to pass examinations by compartments.

[*Tikka Sahib of Nabha.*]

“ My Lord, as it is the duty of the Government to look to the education of the country, so it is their duty to look to its moral well-being. Under this head I beg to draw your attention to an important matter which requires early reform. The endowed institutions of this country play a great part in influencing the minds of the people and creating higher or lower standards of morality among them. These institutions were endowed by the donors for charitable and educational purposes, and it is a sad thing to see these institutions changed now into dens of vice. Their funds have become the private property of the priests of the temples and such like folk, who have no moral right to them. As long as these institutions remained in the hands of able and virtuous persons they proved a blessing to the people of the country, and served as fountains of knowledge and havens of rest for the poor, but now the same institutions, which have come under the control of worthless, immoral and selfish people, are proving a veritable curse to the country. It would be a great boon to the country if the Government would take up the matter of the reform of these endowments, and it would only be just to devote these endowments to educational and charitable purposes. If such a drastic measure seems to be impracticable for the present, then I would suggest that the people in charge of these institutions should be compelled to spend considerable portions from their income for the purposes for which they were intended.

“ My Lord, there is another important matter to which I would like to draw the attention of the Government, *i.e.*, the question of intoxicating drugs. I need not dwell here at length on the bad and demoralizing effects produced by their use. Many murders, other crimes, insolvencies and other disasters can be traced to intemperate habits. Many good families and happy homes we see are every day brought to ruin by addiction to intoxicating drugs. There is no doubt that Temperance Associations are doing useful and good work in this country to root out the evil habit, but still a great deal remains to be done which cannot be accomplished without the co-operation and help of the Government.

“ Some time ago Government very wisely took practical steps to check the habit of cocaine-eating amongst the people of this country which was very rapidly spreading. Something of the sort is desirable in the case of opium and country liquor. Their use should be checked by passing some preventative enactment and by raising their prices so high that they may not be within easy reach of men of ordinary means, and also their use should be allowed only at the advice of medical men as is the case with other poisons now. My Lord, I am doubtful that until some drastic measures are taken we will be able to root out this evil habit from the country. I have read in the budget with much satisfaction that orders have been issued to reduce the cultivation of opium in the ensuing year. This step has been taken in a right direction. I know that opium and excise duties are two great sources of revenue to the Government, but I may be allowed to remark that this revenue is collected at the expense of the cause of morality. There was a time when the consideration of the loss of revenue that was derived from these sources was a great impediment to their abolition. Fortunately now our financial position is prosperous, and the remarks of the Financial Member in this matter are very encouraging and it would be better for me to quote them here:—

‘Twenty years ago or even less, the prospect of losing a revenue of 5½ crores a year would have been a cause of very grave anxiety. Even now, if the whole or a great part of the revenue should be struck off at a blow, the dislocation of our finances would be serious, and might necessitate recourse to increase of taxation. But if, as we have a clear right to expect, the transition is effected with a due regard to our convenience, and is spread over a suitable term of years, the consequences may be faced, if not with equanimity, at least without apprehension.’

“ My Lord, if the Government are prepared to meet the loss in the opium-revenue when it is inevitable, it would be still more generous and noble if we check and suppress the bad habit of opium eating that is taking hold of the Indian population and demoralising it.

“ My Lord, the third class passengers in this country suffer great inconvenience in the railway journey. We see them frequently struggling for a seat in the already overcrowded compartments, where they are thrust

[*Tikka Sahib of Nabha ; Mr. Sim.*]

without any regard to the authorised number of passengers allowed to travel in a compartment. Again, the sheds at the stations which are provided for third class passengers as waiting rooms afford no shelter against sun or the inclemencies of the weather. There are no latrines attached to the third class carriages, and the sufferings of the passengers can be easily imagined. If they go to the latrines at the stations, they are often left behind, and thus they experience a great deal of hardship. They are treated very badly and their condition is very deplorable indeed if they happen to travel by rail at the time of large gatherings held at several places in connection with the religious festivals. On such occasions they are not treated like human beings, but are huddled together as if they had no feelings. It is an awful sight to see them loaded in goods wagons with no proper ventilation at all. Several of them fall victim to diseases for want of pure air, while others carry germs of diseases, which play havoc in such gatherings. My Lord, now as the Railway Board have made a provision of 568 lakhs of rupees for rolling stock for the year 1907-08, it is most desirable in the interests of humanity and justice that the inconveniences of the third class passengers should not be lost sight of, who contribute so largely to swell the railway surplus every year.

“It is gratifying to see that some useful changes have been made in the form of railway accounts from this year to show the net revenue. The old system used to inflate unduly the accounts and suggest misleading comparisons. It is also pleasing to note that the orders are issued by the Railway Board for the adoption on all railways in India of the type of communication between the passengers and guard now in general use in England—a thing which was urgently required in the interests of the safety of the travelling public of this country.”

The Hon'ble MR. SIM said :—“My Lord, may I congratulate the Government on the continuing prosperity and gratefully acknowledge the uses to which it has been put? By us in Madras, which is still in the main a country of small land owners and small incomes, the striking series of measures, calculated to help the agriculturist and the poorer classes, set out in paragraph 36 of the Financial Statement, will be heartily appreciated.

“The reduction in the *Salt-tax*—a reduction which the Hon'ble the Finance Member shows does reach the consumer—will be welcomed; so will the new and liberal contribution from Imperial funds for *Famine Relief*; the improvement in the pay of *Forest-officers* is a well-deserved concession to a hard-worked service; *Free Primary Education*, in sight, will be a boon to Madras, where education is so much in demand; *Police reform* is as much needed there as elsewhere; the loss of the *Opium* trade, a dead loss to India, as the Finance Member points out, of 5½ crores, will be less welcome; but the Indian taxpayer, on whom it will fall, has confidence the British and Indian Governments will make no sacrifice of India's interests without corresponding sacrifice on the part of China. The Hon'ble Member's summary in paragraphs 66 and 67 and Mr. Meyer's Memorandum on *Military Finance*, show effective control of and good value for the expenditure under that head.

“Grateful as we are, however, for these measures, may we still ask for more; and first, for an increase in the proposed contribution from Imperial Funds for *Famine Relief*? The Hon'ble Member proposes to give Bombay and the Central Provinces more than five times as much as Madras; the United Provinces are to get nearly twice as much; even Bengal receives more than Madras. It is hard to believe that this represents the real condition of things and that the other Provinces are so much more liable to famine than Madras, as these proposals would suggest: they may have spent more, but some Governments are more liberal than others, and, in any case, the period chosen for the calculation greatly affects the result; a period of thirty, instead of twenty-five, years, for instance, would have included the great Madras famine of 1876-77, and added considerably to the famine expenditure there. As I have said, the hearty thanks of all are due to the Hon'ble Member for his present proposals, but if opportunity should arise for increasing the contribution to Madras I trust that he will take it.

[Mr. Sim ; Mr. Reynolds.]

“As quite relevant to such a request the Hon'ble the Finance Member will no doubt remember the words in which last year he described the Provincial Settlement made with the United Provinces—words which, he said, applied equally to the Provincial Settlement made with Madras: ‘It is quite true,’ he said, ‘that as a whole the Provincial Settlement is distinctly less favourable than that of any other Local Government, conspicuously so as compared with those of Bombay, the Punjab and the Central Provinces.’ I trust that the Hon'ble Member will consider that a ‘distinctly less favourable’ Provincial Settlement combined with a ‘distinctly less favourable’ Famine Relief grant constitute very strong grounds for the amendment of one or the other at an early date.

“A second point, also connected with Famine protection, is the provision of funds for new *Irrigation*. The inducement to prefer works that will pay 10 per cent. to works that will pay little or nothing is obvious, but if credit is taken in the account for famine relief saved and human suffering averted the difference is not so great as appears at first sight. The Government of India has not been illiberal in dealing with Madras irrigation in the past: I ask for a continuance of the same consideration in the future.

“A third point—also, in the opinion of many, connected with Famine protection—is money for *Forest* establishment and works. Much of our reserved area in Madras lies in tracts of precarious rainfall, in scattered blocks and near cultivation: regrowth on such areas is particularly necessary, and particularly difficult; a sufficient staff and a generous outlay on works are essential. If proposals to this end should reach the Government of India, I trust they will be sanctioned. They are much needed, and to stint either is to give both Government and the public the maximum of inconvenience with the minimum of benefit.

“We are not without other needs, also. In time, we trust, the hour and the money will come for them, too, but we recognise the limitations of the year and all that has already been done. Nowhere, indeed more than in Madras, will there be a more cordial appreciation of the efforts which have been made by the present Finance Member and his predecessor during the past five years to simplify, reduce and rearrange the taxation of the country or of the success which has attended those efforts. We trust that the prosperous years may continue, and with them, with continuing success, this policy of financial organisation on similar lines.”

The Hon'ble MR. REYNOLDS said:—“My Lord, this time last year we in the United Provinces were suffering in parts from the effects of the failure of the rains in the previous monsoon. These were the more serious as they had followed immediately on the widespread damage caused to the previous spring crop by the frost of 1905. The financial situation at that time was the cause of much anxiety, for we anticipated that the Provincial balances would be depleted by nearly 28 lakhs, and that we should end the year with 14 lakhs less than our minimum balance. Fortunately the rains last June set in in the most timely manner, and though they closed rather prematurely, yet the autumn crops were on the whole good. Over the greater part of the country too the present spring crops promise well, though they have been damaged to some extent by hail, and to a greater degree by rust.

“The fears of a further large expenditure on famine relief which hung over us this time last year have vanished, and thanks to Your Excellency's liberality the burden of debt due to the amount that had to be spent on famine relief has been removed. That expenditure has been approximately 28 lakhs, and had we been forced to meet it from our own resources, we should have been nearly bankrupt. Your Excellency's liberality in taking this expenditure as an Imperial charge, and in starting a scheme of famine insurance to meet such contingencies in future, has relieved the Local Government of much anxiety.

“I have only one criticism to make with regard to this scheme. Last year we had a minor famine extending over parts of two Divisions only and lasting for about a year, and yet we spent a little over 28 lakhs in famine relief. The maximum therefore of 30 lakhs fixed for the United Provinces will clearly be quite

[*Mr. Reynolds.*]

insufficient in case of a serious famine extending, as in 1896, over every part except that protected by canal irrigation, and will be dangerously small even in 'a year of moderately severe famine.'

"In spite, however, of the relief afforded to our Provincial finances, I am bound to point out that they might well be in a more satisfactory condition. When the quasi-permanent financial contract was drawn up in 1904, it was expected that the heads of income made over to the Provincial Government would be sufficiently elastic to meet the growing wants of the Province. Unfortunately practical experience shows that this is far from being the case, and our financial arrangements are to a certain extent still further hampered owing to the fact that in the present year 16 per cent. of our income is, and in the coming year 13 per cent. will be, derived from fixed doles incapable of any expansion while practically our whole expenditure is progressive.

"In the first two years of our existing contract the expenditure exceeded the income. In the present year, thanks to a larger opening balance, to the help given by Your Excellency's Government, and the abnormally high receipts from irrigation, the revised estimates show the satisfactory surplus of 62 lakhs instead of the 6 lakhs originally estimated. Our budget for the ensuing year, however, shows a probable expenditure of nearly 5 lakhs in excess of our income.

"I would briefly call your attention, my Lord, to what our more pressing wants are.

"In addressing this Council last year my predecessor pointed out that the immediate needs of the Provinces were better housing for the subordinate police, increased expenditure on education, and aid to the Municipalities to enable them to carry out sanitary reforms. On looking at the last published Finance and Revenue Accounts, namely, those for the year 1905-06, I find that in the United Provinces the total expenditure on education amounted to ₹37,05,689, or ₹78 per thousand of population. In only one other Province was the expenditure per head so low, while in one it was nearly three times as much. For the coming year the expenditure will be raised to nearly 47 lakhs, or ₹99 per thousand, which is an improvement but still far below our wants.

"Under the heading of Medical, again, the expenditure was ₹17,55,445, or only ₹36 per thousand, and in no other Province throughout India was the allotment for this purpose so low in proportion to the population. The allotment for the ensuing year is 19½ lakhs, but more could well be spent on the improvement of the existing institutions and, in addition, the new Medical College at Lucknow will require much assistance from Government to equip and maintain it.

"For public works more money is needed for the housing of the subordinate executive and police staff, and for the enlarging of the District and Tahsili offices, nearly all of which are now terribly cramped, and afford nothing like enough space for the growing staff which the annual increase of work in all departments necessitates.

"We want therefore more money for public works, for education, and for hospitals, and there can be no doubt that municipal needs are growing every year, while the limit of taxation has been nearly reached and the borrowing powers of several Municipalities are all but exhausted.

"Seven Municipalities have improvement schemes, costing between one and two lakhs each, for which they expect to provide or borrow the necessary funds, but other important centres such as Agra, Benares, Allahabad and Lucknow will require very material assistance to enable them to carry out their now urgent projects. If the wants of these and other important Municipalities are to be met, it is becoming clearer every year that the Provincial Government will in some way or other have to come to their assistance. Lucknow, for instance, has a drainage project estimated to cost about 12 lakhs, for which it cannot provide funds, and taking the larger Municipalities alone, rough estimates show that half a crore could be usefully spent on drainage and water-supply.

"I need not point out that it is most important that the large pilgrim and commercial centres of the United Provinces should be maintained in good sanitary

[*Mr. Reynolds ; Sir Steyning Edgerley.*]

condition. In past years they have acted as centres whence cholera has spread far and wide over India. Plague is with us now, and until city sanitation is perfected there will always be the risk of similar disasters. The needs of these places are not, I think, a mere local matter, but one of Provincial and even Imperial concern.

"Turning now to local finance, this has been put on a firmer footing, and contracts have been made with each District Board for the next three years. The Boards have definite sums placed at their disposal and can draw up their own budgets.

"Some of these budgets have come before me as Commissioner, and it is to my mind quite clear that in a very short time the local authorities will be imitating the example of the Local Government, and asking for more generous allotments.

"There is, for instance, a loud demand for more money for primary education. School buildings everywhere want enlarging and improving, and boarding houses are required. Railways, again, have been pushed in all directions, and roads at right angles to them now require to be metalled. These are wanted not only as feeder roads to the railways, but they also act as most important distributing agencies in case of famine. One very noticeable feature, for instance, in the prices last year was that in the Muttra District prices were higher in the village bazars than in the large marts at head-quarters. This was simply due to the difficulty experienced in getting the grain from the railways over the deep sandy roads.

"Taking Provincial finance as a whole it seems that, without allowing for any extravagant expenditure in the ensuing year, the budget shows a deficit of 4½ lakhs, and as matters stand at present it will be nearly impossible to meet the ever-growing demands for the purposes I have indicated.

"I have already mentioned the financial result from year to year of our present contract, and the urgent need of its revision has been pressed on the Financial Member. We have received from Your Excellency's Government the assurance of a full consideration of our claims in the near future. It only remains therefore for me now to again press our wants on the Financial Department and to respectfully urge a very early and liberal settlement of our requests."

The Hon'ble SIR STEYNING EDGERLEY said:—"My Lord, I am glad to open what I have to say by expressing the acknowledgments of the Bombay Government in the matter of the settlement of the incidence of famine charges. Provincialisation on fair terms for the future and a frank acceptance of past charges as Imperial, involving, as that decision does, a refund of 12.32 lakhs spent on famine relief since the opening of the currency of the settlement, is a conclusion with which the Local Government is well content. The past ten years have left heavy arrears of public works expenditure to make good in all departments, and the necessity of spending on famine relief so large a sum out of the initial lump grant of the new settlement had been regarded with some dismay.

"The provincialisation of famine responsibilities does not at present extend to famine relief in Political Agencies, but, though they have no share in the small revenue which comes in from such areas, the Bombay Government are prepared to accept responsibility in the future for such charges in the Agencies on the same principles and as part of the general settlement subject to consideration of details. There are in the Bombay Agencies a large number of jurisdictional States which are normally solvent. The Government of India are of course under no liability for actual expenditure in their territories, but the Chiefs may be driven to Government for help in serious and prolonged famine. I presume that, as in the famine just past, the Government of India will always feel it right to help them in such circumstances. If that be so, the Government of India must I think recognise, in working out a scheme, that they occupy towards such States rather the position of bankers than that of strict controllers of famine relief. Capital will have to be available not for expenditure, but for loan in

[*Sir Steyning Edgerley.*]

somewhat larger measure than would be necessary for a strict famine programme in a British district. The Chiefs ought to be dealt with as friends coming to Government to be tided over a period of stress under a full sense of their own responsibilities. They should not, I submit, be subjected to inquisitorial enquiries or to demands for returns, reports, or adoption of British standards of relief. It will be for the Local Government to share the responsibility in this field by seeing that bad debts are not made. Such loans have meant in the recent famine locking up for the time being a capital of rather more than a crore of rupees. Many of the Bombay Chiefs are my personal friends, and I am in a position to know how grateful the Chiefs of Kattiawar and the Guzerat Agencies have been to the Government of India for the help extended to them since 1900. So far as I know at present, the whole of the advances falling into this category will sooner or later be fully recovered. I am glad to notice from paragraph 212 of the statement that repayment is already taking place faster than had been estimated. There will, should such severe and prolonged famine unfortunately recur, be some difficulty in placing so large a sum at the disposal of the Local Government in case of need, and a solution of that problem must be found. The other great difficulty which will need solution is the treatment of relief expenditure in what are known as Thana Circles.

“ I wish to utilise this opportunity to ask the consideration of the Government of India on behalf of a section of the people of the Presidency who suffered terribly during the recent Guzerat famine, and who are not likely to be able to make themselves heard. The landholders in the Thana Circles are owners of small estates and at no time wealthy. At no time are they able to exercise individually their theoretical rights of magisterial civil or police jurisdiction or to meet other obligations which should naturally devolve on persons of their status. So it has come about that these areas, called Thana Circles, have been formed, that the powers of the petty Talukdars resident in the Thana Circles have been, so to speak, put in commission and are now exercised by the Political Agent and subordinates under his control, while the costs of the joint administration are recovered rateably from the Talukdars concerned. When the calamity of 1899 fell on Kattiawar and Guzerat, the resources and credit of this class of landed gentry were speedily exhausted, and provision had to be made to save the lives not merely of the labourers and other residents in these villages, but of these small Talukdars themselves and their families. The Agents had to act promptly and on their own responsibility, and large amounts were spent on famine relief in these Thana Circles without it being possible to obtain the concurrence or even consult those at whose cost the expenditure was theoretically being undertaken. Nor when once relief works were started was it possible to confine their benefits to the immediate residents of these villages and the dependants of these Talukdars. People flocked to them from outside and some came even from British districts. The result is that when it became possible to turn from the urgent strain of saving life to the necessary counting of the cost, the Talukdars of these areas have been held liable for a debt of some 23 lakhs on which interest is running. I need not weary this Council with details, but I should like to ask the Government of India to recognise that before their aid was invoked the resources of these people were utterly exhausted, and they themselves on the brink of starvation ; that the whole of the debt is in no case fairly chargeable to these petty landholders ; and that, having regard to the history of the Bombay Thana Circle, the principle should be accepted that when famine is so severe in these areas as to render Government relief unavoidable the expenditure should be treated not as loans, but as direct Government famine expenditure. I would therefore ask the Hon'ble Member in charge Finance Department in his own good time to write off past expenditure and, in the meantime, to permit the amount to remain free of charge on account of interest.

“ If this request can be granted as to the past, and the principles above indicated can be accepted as to the future, there would, I believe, be no difficulty about extending the system of Provincialisation of future famine expenditure which has been introduced for British territory to the Political Agencies under the Bombay Government.

[*Sir Steyning Edgerley.*]

" I must confess to a little disappointment that the Government of India have not been able to move faster towards what I may perhaps call the settlement figure for police expenditure. The increased cost involved in the proposals of the Police Commission in the Bombay Presidency was estimated in round figures at 26 lakhs. The Commission did not deal either with Aden or with Agency Police, and my recollection at the moment is that the total did not provide fully for Bombay City ; but the Bombay Government cannot omit any of these areas in forming their anticipations of necessary expenditure on reorganisation. It is true that it was not possible to spend on recurring expenditure within those years the whole of the grants made available by the Government of India last year and the year before. It was necessary to obtain the sanction of the Secretary of State to detailed proposals, and that takes time. But when I left Bombay in November last sanctions had been received which enabled the Inspector-General of Police to estimate that in 1907-08 he could work up to an expenditure of some 13 or 14 lakhs out of the total. That will not now be possible. I am afraid the suggestion that balances of previous grants should be utilised to permit of higher recurring expenditure during the coming year will seem very dangerous to the Financial Department of the Local Government unless the Government of India can give some definite forecast of their intentions as to the grant to be made next year. Furthermore a considerable part of the balance has been utilised in Bombay to press on the building of the Central Police Training School which institution is the keystone of the reorganisation and which in view of famine anticipations would otherwise have had to wait. Any of the changes advocated by the Commission which affect large bodies of the subordinate force cost large sums, and I venture to press the view that the grant made available each year should, if possible, be such as to permit these reforms to be pressed through as rapidly as the details can be matured. The efficiency of the Police is a matter which affects the daily life of the whole population.

" There is only one more subject on which I wish to dwell, and that is to suggest that the Government of India can neither reap the full fruits of the semi-permanent financial contracts recently concluded, nor control the ever-increasing cost of Secretariat establishments, whether Imperial or Provincial, without a complete revision of the rules and orders which govern the relations of the Local Government with the Government of India. With the completion of these contracts a position is reached whence considerable progress might be made in the direction of decentralisation.

" I do not propose to dwell on the evils of centralised administration. They are, I think, generally admitted. Nor do I think it fitting that I should in this Council use my official experience to illustrate the progress of the evil in the Indian body politic. I also believe that to be unnecessary, for the Government of India are, I trust, anxious for all devolution of authority which may be found possible within safe limits. I am, however, so impressed by the magnitude of the danger to the wholesome administration of the country, and by the rapidity of the progress of the evil in recent years, that I think it is the bounden duty of any one who has given attention to the subject to offer such suggestions as he thinks practicable for consideration and with a view to promote further discussion of possible remedies. Therefore I venture to press for decided action in the direction of decentralisation, and I would suggest that, if necessary, a strong Committee be appointed to work out a scheme of devolution of financial and other departmental control. In the meantime the following suggestion is, if approved, easy of immediate adoption, and while giving some relief will perhaps help to bring to notice matters requiring more deliberate and formal action. There are at the headquarters of every Local Government financial officers of the Government of India—Accountants-General and Examiners of Public Works Accounts. I suggest, firstly, that all Local Governments should be given discretion themselves to dispose of all particular cases either of infringement by past action of financial rules of control, or indeed of all cases of any kind which do not involve the enunciation of new principles of administration or involve sanction of fresh expenditure beyond the limits imposed from time to time, *provided* that the Accountant-General or the

[*Sir Steyning Edgerley.*]

Examiner concurs in the proposed disposal as reasonable and as being such as his experience shows that the Government of India are likely to sanction; secondly, that quarterly or six-monthly returns of all such cases should be submitted by the Accountant General or Examiner to the Finance Department of the Government of India. The object of this return is twofold, firstly, to enable the Government of India to check any tendency of which they disapprove without re-opening particular cases in correspondence with the Local Government; secondly, to lay before them material which will enable them to ascertain without difficulty the rules and orders of control which are found in practice to be uselessly strict. I need not elaborate the suggestion in this place and would content myself with pointing out that with necessary modifications the same system can further be applied with great advantage to the work of all Departments. It is a system which I believe is already in operation as between Secretaries in the Government of India Departments and Members of the Government, and I venture to urge that the Presidency Governments and the Lieutenant-Governors of Provinces may be fully trusted not to abuse a confidence which for years past has been safely entrusted to officers of lesser position. I also venture to submit that directly the decision of the Government of India on any particular case can be so confidently anticipated by a Secretary that he can himself deal with a letter from a Local Government seeking the orders of the Government of India, that fact alone is ample evidence that the rule or order requiring the reference to the Government of India is ripe for cancellation, and I suggest that some system should be inaugurated whereby continual watchfulness for such opportunities of lessening unnecessary correspondence should be maintained.

“In many cases, however, Acts of the Legislature require references for sanction, and for such cases the above proposal is inadequate. As regards this sphere I venture to call attention to Act V, 1868. It is a short Act of three sections which authorises the Bombay Government to delegate to the Commissioner in Sind powers conferred by legislation on Government alone. It has been in force nearly forty years, and I venture to assert that, in spite or, as I should prefer to think, because of the generality of its phraseology, neither in the records of the Government of India nor in those of the Bombay Government is there any established complaint as to its operation. I have been in close touch with the working of the Act for over a quarter of a century, having served since 1881 for nearly eight years in Sind, both as a District Officer and as Assistant to the Commissioner, and having since those days held appointments in Bombay which gave me special opportunity of watching the working of the Act. My evidence is that it has been continually used to the great benefit of the people of Sind and with considerable resulting relief to the Sind Administration and the Bombay Secretariat. The Bombay Government have definitely asked for the extension of the provisions of the Act to other Divisions of the Presidency, and I believe that that proposal is still under consideration. I trust it may be approved, but I wish now to make the suggestion that an Act, the same in principle, should be passed by the Government of India for all India whereby the Government of India could delegate to Local Governments and Local Governments to their chief heads of departments down to officials in charge of districts such powers as it may from time to time seem possible and desirable to devolve on lower authorities. It is obvious that when some new legislation is enacted prudence may compel Government to keep the interpretation of its policy in their own hands. Gradually, however, a body of case law grows up, the policy of the Act becomes known and understood, and it becomes desirable to relieve the people of the delays and all offices of the work inherent in references to a central authority which are no longer necessary. If I am told that it is improper to take an indefinite power by legislation, I would ask consideration, firstly, of the concrete experience of Act V, 1868; secondly, of the fact that in the published correspondence regarding relief to an overloaded administration in another part of India the Secretary of State drew attention to this Act and suggested that an extension of its provisions might provide a remedy; and, thirdly, of the history of the Bombay proposals above alluded to which indicates that any other method of procedure would involve

[*Sir Steyning Edgerley ; Mr. Chitnavis.*]

constant petty legislation, would be dilatory in the extreme, and would therefore be practically useless for the purpose in view. An instrument of devolution, if it is to be practical, must be flexible so that it may suit conditions in different provinces and must also be easy of use.

“Assuming such an Act to have been passed, I offer a further suggestion for its practical working which incidentally may go some way to disarm the criticism I have above indicated. I have above suggested devolution of executive authority coupled with the submission of certain periodical returns. I would further suggest that all officers of the status of officers in charge of districts and upwards and all non-official Members of Council in the provinces be encouraged to place before the Local Governments any proposals for devolution of authority such as may be suggested to them by their own daily experience. Such of these suggestions as may require higher sanction and as the Local Governments may approve should be sent up to the Government of India. Every November the whole of this material together with any Secretariat departmental notes thereon recorded and also all independent suggestions by offices of the Supreme Government for decentralisation might be collected and be submitted for examination and consideration to a strong Committee of this Council constituted from the representatives of the provinces under such presidency as Your Excellency might direct. Beside formulating conclusions on the material so submitted the Committee should have power themselves to originate suggestions and should examine the Acts of a previous year—say the tenth year previous—with an express instruction to secure the devolution of authority and the relief of the Central and Local Governments wherever the consolidation of the policy of the Act has rendered that course possible. I suggest that the Government of India could act with some confidence at the close of each Calcutta session on the recommendations of such a Committee and that a system would thus be established which would operate year by year almost automatically to counteract and minimise the growing evils of centralisation.

“There is one more possibility in such legislation. In October last, when replying to an influential deputation, Your Excellency said that ‘the initial rungs in the ladder of self-government are to be found in the Municipal and District Boards and that it is in that direction we must look for the gradual political education of the people. If the Act which I have suggested were to contain a clause allowing, where thought possible, mixed Committees of officials and non-officials to be associated with Commissioners or heads of districts under such rules of procedure as the Local Government concerned might with the sanction of the Government of India approve, then there would be brought into existence a safe way of tentative and experimental progress towards District or Divisional Councils, not merely advisory, but exercising with ever-increasing finality those powers of control over Municipalities and Local Boards which have been hitherto reserved solely to Government or their officers.

“I must apologise for the length of these remarks and the freedom of suggestion used. I have strictly avoided all illustration and have compressed the presentation of my suggestions as far as I felt able. I cannot hope that I have offered the solution of this difficult problem which will be adopted ultimately, but I shall be more than repaid if I have been able to get the subject taken up seriously and dealt with as the wider experience of those in authority may dictate.”

The Hon'ble MR. CHITNAVIS said—“My Lord, I must congratulate the Hon'ble the Finance Minister upon his luminous Financial Statement as also upon his achievements. The remissions granted by Government will be widely appreciated. It is a matter of joy that the Salt-tax has been further reduced. The measure will afford sensible relief to the poorest classes, and will enable them to make a larger allowance of salt to their cattle. The people of the country are therefore under special obligation to Your Excellency for this additional relief in the Salt-tax. The other concession will facilitate mercantile

[*Mr. Chitnavis.*]

correspondence. While I accept the gift in a thankful spirit, I must point out that it will relieve only the commercial classes, and will fail to reach the general body of the people. A reduction in the charge for an ordinary letter weighing half-a-tola from half-an-anna to a-quarter-anna would have conferred a greater boon upon them, and would have evoked a warmer feeling of gratitude among them. And the Hon'ble the Finance Minister knows very well that the suggested reduction in the rates does not necessarily entail a permanent loss of revenue. Revenue of this sort has a recuperative energy in it, and any immediate loss is sure enough amply compensated within a few years by the extra income from the increased volume of correspondence. I trust this point will not be lost sight of in the appropriation of any surplus that a continuance of the existing happy conditions and his singular good fortune may place at the disposal of the Hon'ble Member next year.

" My Lord, the budgetted surpluses both for the current year and the year about to begin are satisfactory so far as they go, but the accounts must induce serious thoughts in the minds of the people. An examination thereof will shew that of the sources of revenue Excise and Stamps are fairly important; and far from being demonstrative of a healthy state, they afford proof, the one of moral degeneracy among the people, and the other of growth of litigation. It would be a nice thing if a sounder source of revenue could be found than Excise. The increase in litigation which must account for the expansion of the Stamp-revenue, must suggest lugubrious thoughts to all who have the well-being of the society at heart. Indeed, the effort of statesmanship has everywhere been to prevent people being bled to death by litigation. British Indian administrators also have been fully alive to the necessity of arresting the growth of litigation. With that object, what are known as 'Conciliation Proceedings' have been introduced into the Central Provinces, and the scheme has worked well. The time has now come for developing this panchayeti system on a much larger scale.

"The Hon'ble Finance Member has himself fully dealt with the disquieting item—Opium. The income from this source may become *nil* at no distant future; and however much the opium policy of the Government of India may appear reprehensible on moral grounds, no Finance Minister can view with equanimity the loss of so much as $5\frac{1}{2}$ crores of rupees a year. The Hon'ble Mr. Baker, with his robust optimism, generated perchance by a succession of prosperous years, hopes to be able to forego this large income without having resort to additional taxation, provided there is no sudden crash. The Indian public respond cheerfully to those hopes; but they go further. In view of the fact that the threatened success of the anti-opium movement will depend upon the policy of the British Government over which this Government has no control, they expect that India will be recouped by the British Exchequer for the inevitable loss of revenue. England has spent money like water in the past for conscience sake; she has spent millions for the emancipation of slaves; will she be unkind on the present occasion to poor India—India that, notwithstanding her phenomenal poverty, unaided, has, on so many occasions, borne burdens that should have fallen upon England's shoulders? At least the people here have a right to expect a money compensation from England for the restoration of financial equilibrium in the country.

"As regards expenditure, I regret so little has been allowed for internal reform. Barring the reorganisation of the Police Force, nothing great has been achieved by Government during the year about to close. Nor is anything great going to be attempted next year. And yet reform is needed in more than one Department. It is high time the question of, what is technically called, the Separation of Judicial and Executive Functions engaged the earnest attention of Government. There is no question about the desirability of the reform. Years ago it was recognised as 'a counsel of perfection' by British Indian administrators. Apparently, nothing could be done so long for want of funds. But, fortunately, financial difficulties have now ceased to disturb the calculations and hamper the operations of Government. Government has been passing through a succession of prosperous years. The time has thus come for the wishes of the people in the matter of the separation of Judicial and Executive Functions to be satisfied,

[*Mr. Chitnavis.*]

We in the Central Provinces were especially backward in this respect until my friend the Hon'ble Mr. Ismay, whose retirement from the Service all people there regret, by a series of wise measures, purified the administration of justice, but he could not overstep the limitations of the administrative machinery. A step has no doubt been taken so far as my Province is concerned, but the larger problem of separation of the functions necessarily remained unsolved. This reform is now considered a necessity all over India by the educated classes, and it behoves Government to take practical steps for its trial. It is doubtful if a well-devised scheme will really entail a large addition to the expenditure. Inexpensive schemes have from time to time been formulated by private individuals, and they are well worth trial. I hope, now that its financial difficulties have disappeared, Government will approach the subject with spirit and determination, and earn the lasting gratitude of the people by carrying out the reform in the near future.

"I am glad Government has at last made a large grant for a matter of Education. The larger grant under this head is matter for congratulation as a sort of pledge for greater liberality henceforward in the support of Education. The grant, by itself, may not go far enough, but it must be hailed with joy by the people as marking a wholesome advance in the policy of Government. It is hoped Government will increase the grant year after year until it reaches the ratio which the educational grants of the most advanced European States bear to per head of population. The promise of the introduction of Free Primary Education is additional matter for congratulation. For the greater encouragement of Education and Vernacular Literature, it will be well to have a system of Literary Pensions or Fellowships similar to those granted to poets and distinguished literary men in England. This will give a stimulus to vernacular literature in the country and create a better class of literary men.

"While I felicitate Government on its Educational grant I cannot but regret the omission from the Financial Statement of all reference to the important subjects of Technical Education and Indian Industries. Financial, even more than political, expediency imposes a duty on this Government to see that the people of India have proper facilities for earning an honest livelihood; and what is more lucrative than the industries and the technical arts? The industries support the nation; hence they are an Imperial concern in every civilised country. Some of the Continental Governments support their industries by a system of bonuses. But not to speak of bonuses, this Government has not yet formulated a comprehensive scheme of Technical and Industrial Education. No progress can be made without expert knowledge, and the sooner provision is made for the diffusion of such knowledge the better it is for both the State and the people. True it is, a beginning has been made in the Central Provinces. A Technical Institute has been established at Nagpur under the fostering care of the Hon'ble Sir Andrew Fraser, whilom Chief Commissioner, and thanks to the efforts of the Hon'ble Sir Frederick Lely a School for Handicrafts has been sanctioned. But these are only beginning. What is needed is an adequate system of Technical Education for the whole country. The introduction of a well-devised and comprehensive scheme of Technical Education, supplemented by a system of Technical Scholarships tenable in foreign countries, is urgently needed. I admit Government has sanctioned a few scholarships but they are practically limited to one branch of industry—mining. The number should be increased, with special regard to other branches of technical and industrial knowledge.

"As for the village industries and handicrafts, proper measures for their maintenance and development should be made by Government after a preliminary survey on the lines suggested last year by the Hon'ble Sir John Hewett. And in this connection I will ask Your Excellency to consider how far fixity of the State demand upon land is likely to encourage the industries. With the rent payable by the cultivator fixed equitably and security given him against enhancements there will be more of capital in the village, which, in the natural course of events, will support the industries. And as an auxiliary to this measure, Government should devise means to foster in the villager

[*Mr. Chitnavis.*]

a desire to invest his small savings in reproductive works. The establishment of Co-operative Credit Societies has been great step forward; but for the improvement of communication in the interior, it can do much to attract the hoarded wealth of villagers into remunerative channels by guaranteeing metre gauge or light railways. A concrete example will perhaps convince Government of the truth of my remarks. Sometime ago the Hon'ble Mr. Craddock, whose appointment as Chief Commissioner of the Central Provinces has given such genuine satisfaction to the local people as securing to them the rule of a sympathetic Governor who knows them so well and a continuity of policy in the local administration, and for which they are under special obligations to Your Excellency, proposed that a metre gauge line should be run from Nagpur to Pandhurna, and the villagers shewed commendable alacrity in promising to take up shares, provided the railway was guaranteed by Government and worked by one of the established companies. The Bengal-Nagpur Railway Company agreed to work the line, but the venture failed because some other conditions were not fulfilled. It is necessary therefore for Government to guarantee small ventures like this, if only to provide remunerative employment for the locked-up capital of the villagers. I must also point out that, in order to create confidence in the breast of the small Indian capitalist, Government should further assume control over Banks and Firms having Deposit Accounts, periodically audit their accounts, and appraise their assets. The introduction into India of the English laws of Entail and Primogeniture, with the necessary modifications, coupled with a limitation of the Land-revenue to 50 per cent. of the gross collection in consonance with the principles underlying para. 12 of the Resolution No. 1-56-2, dated the 16th January 1902, of this Government, is likewise calculated to be productive of the greatest good to the village economy by encouraging accumulation of wealth in the hands of landlords, and increasing the capital of the country, which, sooner or later, will be utilised for industrial development.

"There is another point to be seriously considered in this connection: The countervailing Excise-duty on cotton goods manufactured in India, imposed by an unwilling Government for the satisfaction of the clamant Lancashire manufacturer, has been a clog to the Indian cotton-industry. It has also caused some irritation among the people, who feel that their interests are sacrificed for the convenience of the English producer. On political grounds this feeling should be removed. I trust the present Government is sufficiently courageous to do the right thing by abolishing the duty, which has yielded the small income of 27½ lakhs of rupees in the current year, and is expected to bring in 29 lakhs of rupees next year, in defiance of Lancashire.

"Agricultural industry again is as important to India as manufacturing industry. Government, I am glad, is doing a deal to develop it by the establishment of a special Department, with subordinate Provincial bureaus; but I have some misgiving about the efficacy of counsel only. Here, as in every other matter, example is better than precept. It might be said that the Agricultural College at Pusa and the various Experimental Farms supply the requisite object lessons; but I doubt if a large number of agriculturists have either the will or the opportunity to avail themselves of them. It would be far more helpful to the ordinary agriculturist if Government were to distribute among cultivators of small means through the Co-operative Credit Societies and principal headmen of villages improved mechanical appliances. Once cultivators are convinced of their utility and get acquainted with their manipulation—and the high price of plough cattle and labour is sure to make their usefulness urgently felt—they will form themselves into organisations under the guidance of these Societies and headmen for their importation and adoption in every-day use.

"The question of the supply of plough-cattle has not yet been, I regret, adequately dealt with by Government. It promises to become one of the most difficult questions connected with agricultural improvement in the near future. The price of plough-cattle is going up rapidly and the total stock in the country does not appear to be sufficient. Add to this the depletion of the stock by disease and poisoning, and the impediment to agriculture from want of an adequate supply of cattle will become obvious. Government can do much to

[*Mr. Chitnavis.*]

minimise this difficulty by the exercise of greater vigilance in the matter of cattle-poisoning by the establishment of Veterinary Hospitals at important centres, by providing commons in villages, by reducing grazing-fees in Reserved Forests, and by encouraging cattle-breeding in the country. Government is doing much in this direction, but I hope and trust all this will be done on a more comprehensive scale than is being done at present.

“There is yet another serious difficulty in the way of Indian industrial development. There is a growing dearth of labour at industrial centres, and more than one industry suffers in consequence. Appreciable relief can be afforded by Government in this matter by encouraging emigration of the surplus population of the congested areas into these centres, by checking emigration out of India so long as the internal needs are not fully supplied, and interdicting beggary except in the case of the aged, the infirm, and the disabled. Beggary, as a profession, is on the increase in certain parts of India, and I think the time has come when the strong arm of the law should intervene to arrest its further progress.

“If these subjects are momentous and claim adequate treatment at the hands of Government, there is one other matter which, for its lethal effects and its growing danger to the Commonwealth, has assumed the importance of an Imperial question. Plague, my Lord, is doing havoc among the people year after year; hundreds of thousands of our fellow-countrymen have succumbed to it; like the upas-tree it is overshadowing the whole Peninsula, blotting out from the view gleams of hope and encouragement. I do not think it can be successfully combated by Local Governments; at any rate, their efforts must be largely supplemented by those of the Imperial Government. In this view of the matter, it was the clear duty of this Government to provide money liberally for the extirpation of plague by the opening out of congested areas and rat-killing—the only means experience shews are effective. The Hon'ble Mr. Miller, I may be allowed to express, has however done much to combat the plague in our Province during his term of office, and I take the opportunity of expressing on behalf of the people our great regret at losing such a strong and sympathetic ruler.

“Speaking of the special needs of the Central Provinces, I must gratefully acknowledge the extraordinary grant for Famine Relief. It is a liberal grant and, I am sure, will go a great way to relieve the periodical distress of the Province—a Province which has suffered extremely from famine of late and whose inhabitants still remember with gratitude the great help then given them by Government under the auspices of their Chief Commissioner, Sir Andrew Fraser. The Hon'ble Finance Member must be congratulated upon his ingenious, withal simple, scheme.

“There are, however, other directions, my Lord, in which an Imperial subsidy is needed. Communication is difficult in the Central Provinces, good roads are wanted; hospitals are few and far between; and the needs of Nagpur are equally large and pressing. The City is congested in parts, and, in view of its growing mill population and the factories, a larger number of open spaces are absolutely required for its health and safety. There is also great need for structural improvement. It is desirable to have guest-houses in it for the accommodation of Feudatory Chiefs and Mufassal leaders, interchange of thoughts between whom and the Chief Commissioner is calculated to render administration at once easy and popular. The Provincial Government is alive to the necessities, but the means at its disposal are limited. People therefore look up to Your Excellency's Government for a substantial pecuniary help in each of these directions, and I have every hope they will not be disappointed.

“My Lord, every servant has a right to expect considerate treatment at the hands of his employer. Disappointment breeds discontentment, and discontented servants render at best indifferent service. The interests of both the employer and the employed are thus blended together, and are in a certain manner identical. It is only meet and proper that servants should share in the master's prosperity especially when it is in a large measure due to their devoted service. But I regret that, notwithstanding the fact that a net surplus from the Postal revenue of a trifle less than 16 lakhs of rupees, bating the 11 lakhs of rupees which the fresh

[*Mr. Chitnavis.*]

concession in Postal rates involves, has been budgetted for next year, not a sou has been granted for the relief of the hard-worked, needy underlings whose loyalty and honesty under the most trying circumstances are alike conspicuous. The Hon'ble Mr. Finlay challenged my statement recently that the salaries of Postal employes below the rank of Superintendent and above that of peons were fixed more than thirty years ago. Government at least will admit this much, that the scales of pay in question have not undergone material change during recent years. It will also be admitted, I presume, that prices and wages have appreciably gone up of late. Is it not then just and fair that the poor subordinates should have some consideration shewn them by Government? Your Excellency, with your sympathetic nature, cannot remain irresponsive to the appeals of these officers long, and I feel sure the day is not distant when their case will receive a sympathetic treatment at the hands of Government.

" My Lord, so far I have pleaded for larger expenditure for internal reform and development. The present state of the finance is perhaps not the most propitious for a large additional outlay. The Government, in spite of its large and successive surpluses and its apparent prosperity, is barely paying its way; but the importance and urgency of the reforms suggested and their wholesome influence on the administration and the material and moral progress of the people might well justify, even under present conditions, extravagance, not to speak of unavoidable expenditure. Nevertheless, to remove all cause of complaint and nervousness, I beg to point out that a large amount of cash can be easily made available for expenditure on more ambitious measures of internal reform by the adoption of a more liberal policy in certain directions. The freer association of Indians with the Administration and their larger employment in the Services must prove both economical and politically expedient. The far-sighted policy initiated by Lord Bentinck has been justified by its results, and their excellence demonstrates conclusively the desirability, nay the necessity, of its expansion. I must, however, say that in this respect we are perhaps already ahead of other Provinces in India, as a Commissioner's appointment was lately conferred upon a Parsee gentleman of Berar by the Hon'ble Mr. Miller, and for which the people of the Province no doubt owe an obligation both to Your Excellency and to him.

" The purchase of stores in India and a preferential use by Government of articles made here must conduce to economy and conservation of means. The course is sure to set free annually a large amount of money.

" My Lord, I do not understand why an increasing amount of money should be locked up every year as Gold Standard Reserve. I do not appreciate the principle; I am doubtful about its utility. I do not think it is necessary; nor do I believe that the present satisfactory Exchange is due to it, or that there should be some Reserve by way of insurance against a low and variable Exchange. The present Exchange policy of Government has been determined by its belief in the efficacy of a restricted currency. It has so far succeeded by creating an artificial scarcity of the rupee. The result may also have been partially due to an appreciation in the value of silver, independent of the action of Government. Government has thus the key to the situation. The volume of the currency is dependent upon its will, and if ever Exchange conditions become disquieting in the future, it can give tone to the market by a timely restriction of the currency. If that measure fails, the richest Gold Reserve will fail even more signally. Can hoarded cash alone stop Exchange from falling? How long can Council Bills be withheld? The experiment was tried in the past in vain until the artificial rupee famine acted as a restorative. Why should it then be necessary for a large amount of money to be funded each year against a contingency which, if it happens at all, will swamp Reserves at the first touch? There is the less justification for this policy when money is wanted for pressing needs in other directions.

" My Lord, I will not say much about military expenditure, but I will say this much, that everywhere within the British Empire next year will be signalled a reduction in the Army and the Military Expenditure. England has got a reduction of £2,000,000, and whole battalions have been abolished in most of the

[*Mr. Chitnavis.*]

Colonies. The Indian Military Expenditure of next year must swallow up the whole of the gross income from so expansive a source as Land-revenue and a million pounds sterling more! It is stated that there is a decrease in the Budget of half-a-million pounds sterling under this head. The decreased expenditure will still exceed the expenditure of 1905-1906 by over 33 lakhs of rupees!

"However, in view of the fact that large reductions in the Army have been made in the Empire, it may not be considered feasible to effect any reduction here; but it can well be imagined that the Indian Army will have henceforth extra work thrown on it for the protection of Imperial interests in consequence of the measure; and, that being so, the British Exchequer ought in common fairness to recoup this Government at least a reasonable portion of the cost of maintenance. Here is a direction, my Lord, in which a large retrenchment in expenditure is possible without detriment to efficiency.

"I must take this opportunity to point out that, as a measure for fostering the martial instincts of the people throughout the length and breadth of the Peninsula, Government ought to extend the area of recruitment for the Army. Whole tracts are now marked off and whole classes branded as unfit. I do not know what justification there is for this sweeping denunciation. Prudence requires that the people rejected as disqualified should be given a fair trial.

"My Lord, the loans of recent years must be a puzzle to many. We have them simultaneously with surpluses justifying reduction in taxation. The National Debt increases with national prosperity as disclosed in Prosperity Budgets. That is a position which is more or less of an enigma. The Railways are clearly responsible for these loans. The Hon'ble Mr. Baker observes that Railways in India are constructed from loan funds. Loans become therefore necessary for the expansion of Railways. We have for the next year a modest estimate of a sterling loan of £3,500,000 and a rupee loan of £2,000,000; and this moderation in the estimate has been forced upon the Government by the state of the Money Market both here and in England. But, as it is, the Estimate is bad enough, judged by the loss it will entail. The loans would strike one as objectionable and impolitic, assuming that the policy of Government in making Railways a State concern and of providing for them from loan funds is wrong. But of this more later on. Meanwhile, I will only point out that, apart from their undesirability on principle, the budgetted loans will prove commercially unproductive. They cannot possibly yield the full amount, and there is bound to be a heavy deficit which will have to be made good from other sources, possibly from the cash balances. Our present loss will be half-a-crore of rupees. The last sterling loan was floated at an average rate of £94 16s. 5d. against the rate of £97 18s. 6d. obtained in the previous year. There has since then been a further drop in the market rate of the 3 per cent. India Sterling Stock, and according to the Budget it stands now at £90. Unless, therefore, the stringency in the market is suddenly relaxed, money becomes plentiful, and the rate improves considerably, for which contingency there is not much prospect at present. The accepted rate of tender should be less than £90; at any rate, it cannot very much exceed that figure. But suppose the rate improves, and the loan is successfully floated on the market at £93; even then the loss in present value upon the sterling loan will be £245,000, besides an annual loss in interest upon this sum of £7,350. The loss in present value upon the rupee loan of Rs. 3,00,00,000 will be Rs. 9,00,000, allowing for a discount of 3 per cent., besides a loss in interest of Rs. 31,500 a year. That is, upon the two loans our immediate loss will be Rs. 45,75,00, plus a recurring loss of Rs. 1,41,750 a year! And this present loss must be made good from the cash balances, which will be depleted to that extent.

"The capital charge for Railways at end of the present year is estimated at £260,356,500. The net surplus budgetted for 1907-1908 is £2,149,700, or less than one per cent. upon this capital. This would hardly be considered sufficient from a commercial point of view. The enterprise is of problematical value. But whether profitable or unprofitable, in my opinion, Railways should be constructed, owned, and managed by private capitalists. If the business is remunerative, as the official statement gives one reason to suppose it is, there will be no lack of

[*Mr. Chitnavis.*]

capital to work it ; if not and the State has perforce to take it in hand, the Railway programme must be considerably curtailed to suit financial conditions. The Railways can with advantage be made over to private companies. I do not conceive there will be any difficulty in making satisfactory arrangements for their transfer, with due regard to facility of transport of troops and stores in times of war and of grain during famine. That will relieve Government of much of its present embarrassments, and will shift the responsibility of efficiently working the lines on individuals whose outlay will be determined by considerations of remunerative employment only. This will also have the effect of bringing into existence a much larger development of railway enterprise, and competition will help to facilitate this development still further. For the protection of the interests of the public, Government can reserve to itself the rights of sanction and supervision. It is conceivable that there will always be lines—for instance strategic and protective lines and metre gauge feeder lines constructed with a view to attract village capital—which will still require Government initiation and support; but they form an exception. As a rule Railway enterprise should be a private enterprise. There may have been a time when from the exigencies of the situation Railway construction became a State concern; but with greater intercommunication between the West and the East and the increase in the world's capital wanting employment, this necessity has vanished. There is now no justification for State support of Indian Railways; on the contrary, expediency requires that encouragement should be given for country and foreign capital to come forward and assist Government in this great work of development. When they are so worked, State supervision will be more careful, searching and effective. But so long as existing circumstances continue, there will be an ever-increasing volume of dissatisfaction among merchants, millowners and mineowners at the drawbacks to quick transmission. I sympathise with the commercial classes in their complaints about the impediments. These constitute a real grievance. Only a few weeks ago complaints came from Raipur that a large quantity of grain became damaged at the station through delay in transmission, and many dealers were said to have suffered heavy loss in consequence. The solution of the difficulty, however, lies, not in a more liberal supply of borrowed capital by the State, but in an early transfer of the concern to private agency.

“From a scrutiny into the Railway policy of Government to an examination of its Irrigation report is a refreshing transition. The Irrigation Works are satisfactory indeed. The annual yield of 9 per cent. upon the capital outlay justifies their extension to those numerous tracts where the soil is arid and the water-supply is deficient, the convenience, the interests, and the feelings of the inhabitants of populous villages always consulted. Irrigation surely deserves a more liberal treatment at the hands of Government.

“All said, my Lord, the Budget under discussion is a satisfactory one; It gives proof of the benevolent intentions of Government, and of its desire to promote the well-being of the people. I frankly acknowledge the fact that Government is as anxious for our material and moral progress as we can be. Responsibility goes hand in hand with power, and I am glad Government fully recognises this principle. There are occasions, however, on which the action of Government, not being suited to the circumstances, raises a storm of opposition, and, as often as not, is attended with unhappy results. Such mistakes are inseparable from human institutions and more so from the proceedings of a Government like this which has not always correct information about the actual needs and wishes of the people. Previous consultation with Advisory Councils of their real leaders will minimise the evil and make Government action more conformable to the public wishes. Division of responsibility between the Government and the people is a distinct gain from an administrative point of view. For more practical results, the non-official Members of this Council should be given an opportunity of discussing the Budget with the Hon'ble Finance Member before its presentation. I am happy to observe the Hon'ble Sir Andrew Fraser has introduced this simple plan into his Council. There is nothing like harmonious co-operation; and the objective of both Government and the people being the same, a little more of consideration, a little more of mutual apprecia-

[*Mr. Chitnavis ; Munshi Madho Lal.*]

tion, a little more confidence in the popular representatives, will allay irritation, secure greater contentment, increase the prestige of Government, and promote the moral and material prosperity of the country."

The Hon'ble MUNSHI MADHO LAL said :—" My Lord, after what has fallen from my learned and Hon'ble Colleagues before me, I have no desire to take up Your Excellency's valuable time nor that of the Hon'ble Members of the Council, but on an occasion like this it is difficult for me to forget the wants felt and burdens borne by my Provinces—the United Provinces of Agra and Oudh ; and the first point that suggests itself in this connection is the adjustment of the amount of funds to be left to the Local Government of these Provinces for expenditure in the various branches of its administration ; but we need not go into the figures, as my Hon'ble Colleague Mr. Reynolds has very ably explained to this Hon'ble Council. It need hardly be said that these funds are allowed to be spent by the Government of India in the Provinces out of the revenues raised by them, and the problem that awaits solution is whether our Provinces have been getting enough to spend in the various Departments of its administration.

"The general complaint in my part of the country, official and non-official, is that in spite of our paying the largest contribution to Government, the sum allotted by the Imperial to our Provincial Government is not adequate and the latter Government is compelled to cut down every item of expenditure to the lowest possible limit. The allotment made to the Local Government does not bear a fair proportion to the revenue which it realizes from the people of those Provinces. It does not bear a reasonable proportion to the surplus. So far back as 1897 the Hon'ble Sir A. P. MacDonnell, late Lieutenant-Governor of our Provinces, in his speech delivered in the Provincial Council observed :—

'From an examination of (these) figures I draw two inferences. The first inference is that the surplus contributed by the North-Western Provinces and Oudh (now termed the United Provinces of Agra and Oudh) to the general account is larger than that of any other Province. It is even more than a quarter of the contribution of all the Provinces put together. It is more than double that of Bombay and it exceeds that of rich Bengal by over ten millions of rupees. The second inference I draw is that the largeness of surplus which we contribute to the Government of India is due to the fact that we are permitted to spend provincially only a disproportionately small amount of revenue which we raise. According to the Financial Department figures all Provinces but two spend provincially over half of their revenue. The two exceptions are Madras and these Provinces, but compared with Madras we come off a bad second, for while Madras is allowed to spend 48 per cent of its revenue provincially, the expenditure in the North-Western Provinces and Oudh is kept down to 42 per cent.'

" In 1902, the Hon'ble Mr. Hardy, representative of the United Provinces in this Council, remarked :—

'The necessity of aiding the large Municipalities in completing drainage schemes and in carrying out other sanitary reforms is specially 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 water-works has hampered their finances.'

" The condition in which the present Indian education stands has been ably discussed by my learned colleague, the Hon'ble Mr. G. K. Gokhale, in previous years, and the clear comparison with the education of other civilized countries which he has given need not be repeated. But even in this respect our Provinces have not yet been able to achieve what other Provinces in India have been enjoying for many years.

"From what I have submitted it is clear that though our Provinces have been contributing the largest amount to the Imperial Exchequer, they have not been receiving for Provincial Expenditure that proportion of its share from it which other Provinces have got. I am afraid it would take the Imperial Government years to make up the deficiency of the previous years so as to place our Provinces in the position which the more advanced provinces enjoy so far as education, sanitation, medical aid to the rural public, the construction

[*Munshi Madho Lal.*]

of other works of public utility, such as wells, reservoirs and canals for irrigation purposes and water-works and good roads in hill districts for traffic and convenient marching of troops at places where they are badly wanted.

"As regards primary education it is now conceded that it should be free, and it is further conceded that all education according to Oriental notions ought not to be a matter of purchase and sale; but what stands in the way of the diffusion of knowledge among the masses? The reply invariably is want of public funds to help the people in this direction.

"As regards higher education in the country it is not, as in Europe and America, confined to the rich and well-to-do classes only. On the contrary, it is the monopoly of the high born though poor classes in the Indian sense who care more for plain living and high thinking than riches or wealth, but who can get education without paying for it. It would, as a consequence, be a mistake to suppose that if fees in high schools and colleges continue to be what they are the better-to-do and wealthier classes would be educated. On the contrary, there are many people who apprehend that high education might suffer hereafter for the simple reason that the classes who go in for it would not for want of means get an opportunity of receiving it, whereas the richer and well-to-do classes, as usual, may not care to receive it. It is a peculiarity of this country that from time immemorial education has been very cheap to those who cared to receive it. During the Hindu period of its history the students not only got education free, but were provided with board and lodging, books, stationery, etc., by their teachers and professors or by the State. Instances of such education and training can be found at Benares even to this day. During the Muhammadan period and nearly up to the last quarter of the 19th century it remained so during the present rule, when the want of funds stood in our way and we had to make a new departure from the time-honoured rule of providing inexpensive education. It is a pleasure to see that the country is awakening to the need of primary education for males and females, but so long as the Government has not got the means to provide it, the desire of giving free primary education to all boys and girls of the country will not, I am afraid, be an accomplished fact. We are extremely grateful to Government for making us a large grant for education: but, my Lord, our difficulties will continue so long as it does not please the Hon'ble Finance Member to be more liberal to our Provinces in settling the terms of the provincial contract. Having regard to the unprecedented loss of lives that the plague has been causing every year to our Province it would appear not only desirable but necessary to secure the poorer classes of the population from its attack by giving them every opportunity of saving their lives by having recourse to voluntary segregation, disinfection, etc., at the public cost. Any amount of money spent in this direction would not be thrown away. The remarks of the Hon'ble Mr. Hardy who represented the United Provinces in the Council in 1902 apply with equal force now as they did then to Benares, of which I am a resident. It appears that the Hon'ble Member was thinking of its condition when he made the remarks, and it seems to me that he was perfectly correct in what he said.

"Drainage and Sanitation for the town of Benares.

"My Lord, the town of Benares is the oldest and most thickly populated one in the United Provinces. The area called the sewerage area is the oldest part of it and contains all the important ancient temples and shrines of the Hindus. It is to this place that pilgrims from all parts of India go in large numbers every day. It has become insanitary and very unhealthy and requires drainage works and roads to open up the most congested quarters which have become the home of plague and pestilence. Small grants doled out by the local municipality are barely enough to keep it in its present condition. Benares, it may be said, is the centre of Sanskrit learning from time immemorial, and since the establishment of the Queen's College and the Central Hindu College and other educational institutions has also become one of the well-known centres of Western education and culture for all Hindu students from all

[*Munshi Madho Lal.*]

parts of India. During the administration of His Honour Sir Auckland Colvin, Lieutenant-Governor of the Provinces, grants were made and subscriptions realized for the purpose, but the whole amount had to be devoted to an equally important object, *viz.*, the construction of the water-works for the town and of a portion of the drainage-works outside the sewerage area. As the question affects the health of the whole of the Hindu population of India and our Municipal and Provincial grants would not be enough for the purpose, I hope it would not be deemed out of place to mention the fact especially as the plague has been raging throughout the country for a period of more than eight years and has been destroying a large number of our people, and the only way of stamping it out appears to be the introduction of good sanitary measures for the town and completion of drainage works. It may, therefore, be submitted, my Lord, that the question is fit to be treated as an Imperial one.

"I have been informed, my Lord, that the present Benares water-works are in need of repairs and that the municipality of that town is to apply to Government for a loan of three lakhs of rupees. We are afraid that if they are not cared for in time we shall be deprived of a sufficient supply of good water which people have been accustomed to use for many years past.

"Construction of cart-road from Khyrna to Almora.

"My Lord, besides the construction of drainage and water-works for every town in the United Provinces, there are many schemes of Provincial and Imperial importance which have been awaiting completion for want of Local, Municipal and Provincial funds, such as the gap in the cart-road communication from the town of Nainital or the terminus of the Rohilkhand and Kumaon Railway to the town of Almora. My Lord, the districts of Almora and Nainital were annexed in 1815, and the old and historical town of Almora is the headquarters of a district and possesses a fort and contonments in which a full battalion of a Gurkha regiment is stationed. The want of a cart-road direct to Almora is greatly felt by all travellers going to and coming from Almora. The construction of the road for 19 miles or so is not likely to cost much and will be of great use to all officers, Civil and Military, to the battalion located at Almora, and to all people engaged in trade or dealing with reserved forests and the produce thereof.

"My Lord, we are very grateful to the Hon'ble Finance Member for his kindly seeing his way to reducing the salt-tax by eight annas per maund and making the postage cheaper. He should be congratulated also on his reducing the Military expenditure by about half a million, though temporarily, and granting thirty-three lakhs more for education. There is one thing more to which his attention may be invited. There should be an adequate stock of silver coin to suit the requirements of the money market.

"Military Expenditure.

"My Lord, the question of Military expenditure in connection with the Budget debates is a very important one, and so far as our financial difficulties are concerned it may be safely called an all-absorbing one. No item in our Budget estimates is so large as the one relating to it; besides it is an item which will probably go on expanding to the satisfaction of neither the Military authorities nor the Indian tax-payer.

"The reason is not far to seek. According to the modern system of maintenance of army viewed in the light of the progress which the science and art of war have made in this direction, no amount of money however large would seem to suit the requirements of the times. A military officer who cares for the efficiency of the army would not remain satisfied with what he possesses in the face of the progress that is made by the civilized Powers of the world. The increase of military expenditure under the circumstances may be commensurate with the necessity of keeping ourselves up to date in everything. All this would require a good deal of money. Now the question arises—what should be done so as to insure the highest state of

[*Munshi Madho Lal.*]

efficiency in the army by reducing the present expenditure? In this connection I beg to submit that the question of India's defence can, to a considerable extent, be solved by the raising of Militia. This is the opinion of many Englishmen interested in the matter. A paper was read last year in England by Mr. Thorburn, late Financial Commissioner of the Punjab, at a meeting presided over by Sir Lepel Griffin in which the question was fully discussed, and the remarks made on the occasion support my humble opinion.

"India is an agricultural country and the majority of our Indian soldiers come from the agricultural classes. They may be engaged as members of the Militia on feudal tenure as was done in ancient times and is done in Nepal at the present day. This can solve the numerical difficulty to a considerable extent without affecting much the Imperial Exchequer. To begin with, experiment may be made with the agricultural and other warlike people fit to do the work upon such conditions as to Government may seem fit. The next thing that the present Government may duly consider is this, that England should pay a fair share of military expenditure incurred in India in maintaining the troops that are sent now and then from India to engage in wars waged for the maintenance of prestige of the British nation, such as the last Boer War and the Chinese War. In the future too, if such warfare ever takes place, a similar contingency might arise. Under these circumstances would it not be fair to fix a proportion say, one-ninth or one-tenth or even less, of the expenditure incurred in maintaining the British troops in this country that should be borne by England?"

"My Lord, I would not waste Your Lordship's time on further details and I am confident that if the humble suggestions submitted by me commend themselves to the consideration of Your Lordship most of the difficulties connected with this all-absorbing question will vanish to a considerable extent.

"Remission or Suspension of Home Charges.

"My Lord, next in importance to the subject of curtailment of Military expenditure, the question of Home charges is one that requires careful consideration not only by the India Council and by both Houses of Parliament but by every member of the whole of the British nation who feels the responsibility of maintaining the Empire. It is an admitted fact that India is the brightest jewel in the crown of our Lord the Sovereign of which both England and India and every sensible and genuine member of the Empire should be proud. When India under the patronage and encouragement of the British nation becomes strong, well-educated, rich and prosperous, the whole of Great Britain and the British Empire would directly or indirectly be benefited by dealing with her; but so long as she remains poor and weak, the best way of practically showing genuine sympathy on the part of the inhabitants of Great Britain towards their Indian fellow-subjects would be to share the financial difficulties connected with the better administration of India at least for some years, so that they may be able to stand on their own legs and be able to march with the times by superior general and technical education extending to all classes of people and the masses and by the latest improvements in all arts, sciences, commerce and industries. It is hardly necessary to submit that there would be no better way of discharging the sacred trust that Providence has reposed on Great Britain; and no time for doing so is more favourable than the present one.

"If all Government functionaries here and in England interested in the welfare of the British Empire could be induced to direct their attention and practical sympathy towards the Indians by remitting or suspending or otherwise softening the rigour of the Home charges to a reasonable extent for a dozen years or more according to the circumstances of the case, most of the financial difficulties that have been staring us in the face would, it is hoped, be solved automatically.

"My Lord, in this connection I may be allowed to give expression to the general feeling of the people, both literate and illiterate, in this country which is generally described by a simile which making every allowance for the fertile imaginative

[*Munshi Madho Lal; The Maharaja of Darbhanga.*]

faculty of the Orientals, would, I trust, be kindly listened to with attention even in this dignified chamber. India, my Lord, is compared by us to a bride of peerless beauty whom Great Britain, her lord and master, has got by centuries of continued attention, after years of jealousy and rivalry with other European races, such as the Dutch, the Portuguese and the French. She is a country the fame of whose charms from time immemorial has reached every creek and corner of this planet : but like a coy maiden when courted most she has retired the farthest : now that she has grown up she says in confidence to her Lord :

'You have succeeded in courting me by attention, but now win my heart too. Make me happy, healthy, wealthy and wise, never grudge me any comfort or even luxury I may have a fancy for ; the responsibility connected with the maintenance of your Indian bride is sacred. In matters like this money is no consideration. Besides, in the land of the Orient, Government is always associated with generosity and magnanimity of the highest order and not with cold calculation of pounds, shillings and pence which does not inspire a feeling of warmth, large-heartedness and devotion. If you even like me, I shall love you in return. Would it not look odd, if you send me a bill for every service, large or small, done to me or anything supplied for my comfort or convenience? What say you to all this? Viewed from this standpoint, what are twenty or even fifty millions of pounds if spent every year by the British nation out of its pocket for the good of India?'

"My Lord, such is and has been the standard of judging questions of the kind of the Eastern people, and the ideas which I have taken the liberty to express are a part and parcel of their constitution. It is difficult to say how long it will take them to consider the subject from the point of view adopted by the English people, but that such a feeling does exist there is not the least doubt.

"We have every reason to believe, my Lord, that under such circumstances the British nation, which has always helped even those depressed races who had nothing to do with England, if properly acquainted with our real difficulties, will come to our rescue and will very cordially help us in rearing a superstructure of a class that for its strength, beneficence, success and grandeur, would serve as a model for all Asia which no foreign ruling race in the annals of Government of the Empires of ancient or modern times has yet been able to see either in the old world or the new from the coasts of the Mediterranean to the shores of the Pacific."

The Hon'ble MAHARAJA OF DARBHANGA said:—"Your Excellency, I congratulate the Hon'ble Mr. Baker on the excellent Budget he has presented to the Council, and for the clear, concise, and lucid manner in which he has arranged its details for our consideration. The fairly good harvests have given him a substantial surplus which has enabled a substantial relief to be given to the people in two directions, inviting universal approval by all. The increased postal facilities for internal communication, by allowing one tola of letter correspondence to be carried for a half-anna stamp, and three tolas for one-anna, will prove a great boon to the country, and will tend to oil the wheels of our internal commerce. May I respectfully suggest that the Government might also take into consideration the case of the smaller newspapers, and allow journals of not more than three tolas in weight to be carried for one-half the present rate. A cheap Press, provided it is a good one, ought to have as much facility for reaching the masses as possible, for it would tend to disseminate the kind of knowledge which would make for contentment, and chase away the ignorance which is so often the cause of unrest and discontent. I hail with satisfaction the further reduction of the Salt-tax, and trust the day is not far distant when the increasing prosperity of the country will enable the Finance Minister to announce its entire abolition. The poorer millions of the land require all the aid which Government can give them to improve the general health and afford a protection against those epidemics which now and again scourge the country. The proper use of salt in diet is a necessary condition of health. The cheapening of its price has always improved its consumption. The abolition of the remaining rupee per maund and the liberation of Salt not only for dietary use but for a great many other purposes in Commerce and Industry may well be the ambition of any Financial Minister in India. The opium question is one which I touch on but

[*The Maharaja of Darbhanga.*]

lightly, merely remarking that if we in India can help the great Empire of China to effect a great moral improvement in its people, we may well afford to look forward to the gradual extinction of the export-duty derived from the drug during the next ten years.

"One great pressing question of the day is the expansion of our railway system and the bringing facility of transport into line with the increasing demands arising out of the development of the agricultural and mining industries. It would not be true to affirm that the Government are not keenly alive to the exigencies of the situation, and I am convinced that as soon as money can be provided and can be profitably spent, it will be forthcoming for the further development of our railway system. But meanwhile, I would strongly urge that possibly a great deal more might be made out of our present rolling stock, if it was indeed kept rolling to some purpose, and not kept idle in sidings, or employed as godowns, when the wagons ought to be quickly used for transport purposes only. The railway expert, the late Mr. Robertson, when examining into this question on the spot, made a criticism something to this effect that in many instances there was no want of wagons, but only of administrative brains to know how to use them. He said that in cases like this, the more wagons the more muddle. I am not aware that subsequent events have dulled the sharpness of this criticism. We have now a board of three Railway experts, and we look to them to straighten out the crooked things in the administrations so far as this is practicable at the present time.

"There is one point, Your Excellency, which I would like briefly to touch upon, and that is our food-grain supply. Your Excellency is aware that the export of food-grains from India especially in times when the people in many districts have scarcely enough to eat, or may be looking forward to a season of actual famine, is at this time greatly perturbing the minds of men who are real lovers of their country. I do not pretend to be able to point out the precise manner of dealing with this question, as it is a complex one on its economical side; but it seems to me, if the Government will adopt my humble suggestion, that a small expert Commission might be very profitably appointed to examine into the whole question of our national food-supply, the regulation by Government of food-exports in time of threatened scarcity or actual famine, and other related subjects; and then the report and recommendations of such a Commission might enable the Government to deal with the matter in a satisfactory way. Speaking of famine and the fact that even in normal times there are still millions of the people to whom a full daily meal is an utter stranger, I rejoice at the increasing interest that is being taken by the Government in the development of scientific agriculture throughout the land. Agriculture is the first and foremost interest of India, and the Government who will teach the cultivators of the soil, by improved methods, through experimental farms and agricultural teaching in our common schools and colleges, to improve the quality of the produce and greatly increase the fertility of the soil, will earn the enduring gratitude of posterity, and will effectually extirpate famine from the land. Let the interest of scientific agriculture be fostered as one of the primal needs of India.

"Another closely related question is that of the development of the Fisheries along our vast stretches of coast, and in our internal waters. The wealth to be obtained from our seas and rivers is fabulous in its extent. And when Fisheries in India are put upon a proper footing the food-supply of the people will be hugely augmented, and the comfort, well-being and wealth of the country will be vastly increased. I am well aware of what the Madras Government are doing in this matter, and of the beginning that is being made in Bengal for an investigation along the same lines; but surely the time is now come for the establishment of an Imperial Board of Fisheries as a Department of the Government of India to exploit this hitherto neglected but splendid asset of the Empire, and under the direction of a Minister chosen because of his experience and expert knowledge of the subject, guide the Provincial Governments in their work of exploitation. Our great ally, Japan, is showing Asiatic peoples what can be done in the fishing industries. Why should India be behind?

[*The Maharaja of Darbhanga.*]

"Your Excellency, we have waited long and are waiting still for the production of that comprehensive scheme for the cleansing and the beautification of the Metropolis of the Indian Empire. Your eminent predecessor, Lord Curzon, was anxious that Calcutta should have been converted into the Queen of the East before his term of office expired. I will be thankful if Your Excellency can give us any hope that the scheme will at least be begun to be put into execution, if it cannot indeed be largely completed, before your own term comes to an end. The city reeks with pestilential spots which harbour the growth and spread of fell diseases which so swell our mortality returns. I would humbly urge that the improvement of Calcutta should be taken in hand without any more delay.

"My Lord, I observe there is to be a Colonial Conference held in London next month, and Sir James Mackay has been appointed by the Secretary of State to represent India at the said conference. I trust that our country's interests will be so safeguarded that India will have a free hand, without any handicap whatever, to develop her international trade with other countries in such a manner as she deems best for her own interests. But, my Lord, there is one proposal which the Colonial Premiers are to bring forth and urge upon the British Government, and that is the establishment of an Imperial Intelligence Bureau, by means of an all-Empire Cable for the daily dissemination of all important news by wire to every part of the British dominions. This is a proposal which I think deserves our hearty support, and I trust Your Excellency's Government will lose no time in expressing their thorough sympathy with the proposal just indicated. We are starved in India for telegraphic news of an accurate nature. The establishment of an Imperial Intelligence Bureau would alter the present unsatisfactory state of affairs for the better; would bring us into immediate daily touch with all our fellow-subjects throughout the world, and would thus tend to foster the solidarity of our mutual interests. I trust therefore, my Lord, that the proposal for the establishment of an Imperial Intelligence Bureau will receive your hearty support.

"May I allude for one moment to the Victoria Memorial Hall? We have heard with great concern that after spending ten lakhs of rupees on the foundations and other expenses, it is still a moot point whether the said foundations, which have already sunk to some extent by their own weight, will be able to sustain the proposed great superstructure. As a humble subscriber to the proposed Memorial, and as one who will be absolutely loyal to whatever may be determined upon after the report of the experts appointed to examine the foundation have been received and considered, yet seeing that three years have already gone by and little progress has been made and a considerable sum has already been spent, it may turn out to have been in vain, I would suggest that there should be no great hurry in spending more money in carrying out the original design, even if that course is recommended, until the wishes of the subscribers and the opinions of the leading associations in this country are fully ascertained. In whatever way the money is destined to be spent it will be in honour of the memory of the great Queen, and I think there is a growing feeling amongst the public that instead of one Victoria Memorial being erected in Calcutta of the Museum order, it would be better if the money were divided *pro rata* amongst the different Provinces according to the amount of their subscriptions for the erection in each of a Victoria Memorial of such a description as would prove to be a fountain of perennial benevolence to the deceased and distressed amongst the poor of the people. I merely throw these suggestions out as a hint. There will be no squabbling about the matter. I and those whose opinions I express will be perfectly loyal to the wishes of the majority.

"My Lord, it is scarcely possible for me on an occasion like the present not to take some notice of the present state of public feeling nearly all over the country. I do not refer to outbursts of race hatred in the Press or on the platform, or to ill-advised declamations against Government. Mere ill-feeling, founded not on real grievances, is not a factor to be reckoned with. I desire to

[The Maharaja of Darbhanga.]

ask Your Excellency's attention not to passing manifestations of the kind, but to a deep and settled feeling, a consciousness, that solemn pledges given by our rulers, remain, to use the words of one of our most brilliant Viceroys, 'inadequately redeemed,' and that there is not scope enough for aspirations which have been created and fostered by more than a century of beneficent English rule. Even the masses have commenced to take an increasing interest in the present situation, and the educated classes appear to be pervaded by a growing discontent with the limited range of public life open to them. My Lord, I am anxious not to be misunderstood. I do not mean to deny that rights and privileges have been conferred from time to time, and the sphere of employment and influence widened. The present discontent I regard as an expression of the conviction that the opportunities open to the people are not proportionate to their present capabilities. The intelligence, the accomplishments, the capacity of the people have been expanding, and it is felt that there has been no corresponding enlargement of their spheres of action, and no sufficient recognition of their talents and energies. If I understand the public feeling rightly, there is at the same time however a widespread conviction at the present moment that the Government of India is fully alive to necessities of the situation, that it will shape its policy with due regard to the altered circumstances of the country. The few suggestions that I proceed to make relate to reforms which, I believe, are most urgently needed by my countrymen. The separation of judicial and executive functions is a reform that is demanded on no mere abstract principles but on the very practical ground of the efficient and independent administration of justice. I am not sure if it is likely to prove at all expensive; but even if it was, the reform is of a character which would justify any expenditure that might be bestowed on it. It is not necessary for me to go into details and attempt a vindication of the reform. Lawyers of great eminence in this country and England have pronounced in its favour, have in fact declared it to be imperative. Opinion, official and non-official, has been collected upon it. Government is in a manner pledged to an acceptance of its principle, and I believe the only thing waiting is a definite scheme. The subject is one which is in every way ripe for reform, and every day of needless delay in dealing with it only prolongs an unquestioned evil and adds to the popular discontent. Laws and Courts have a peculiar importance in this country. They are regarded as the one check on the executive. What is needed to improve the administration of justice and inspire public confidence in it, is an entire severance of the judicial and executive branches of the administration and an emancipation of the judiciary from the control of executive officers. For this purpose it seems to me that not only should the Civil Service be bifurcated, but that the judicial branch of it should be liable to recruitment from the legal profession as well. Judicial work is essentially one for trained and professional lawyers, and Government would be taking a step in the right direction by reserving to itself the power of appointing members of the legal profession directly to some of the judicial offices.

"Another reform which is of no less importance and which demands immediate consideration of the Government of India is that relative to the expansion of Local Self-Government. Self-governing bodies are instruments for the training of the people in the arts of administration, and they supply an outlet for the energy and ambition of the people. They lighten the burden of officials and bring home to the people the responsibilities of government. I earnestly hope that at no very distant day the Government will be able to see its way to increase their strength, powers and responsibilities. Local bodies offer the only opportunities open in this country for developing practical capacity and acquaintance with the affairs of public life. I should very much wish that gentlemen belonging to the commercial and landholding classes might be drawn to these bodies and fitted by the training which they might thus receive for responsible work in higher spheres of public life. I hope to see our Provincial Councils of the future largely recruited from gentlemen who have distinguished themselves in district or municipal work.

[*The Maharaja of Darbhanga.*]

"The time has also come when our Legislative Councils stand in need of expansion so that they may become more representative; but that is a subject on which I need not dwell at any length, for it has recently been under the consideration of Your Excellency's Government and will in due course be dealt with by the Right Hon'ble the Secretary of State. I only hope that whatever measure of reform may be passed it may be of a substantial character, that it may communicate more of life to the Councils and may to some extent gratify national aspirations.

"In reply to a suggestion my Hon'ble friend, the Financial Member, was good enough to promise last year that Government would take in hand the subject of free primary education. I am glad to observe that the Hon'ble gentleman has redeemed his promise, and progress is being made in the direction of establishing a complete system of free primary education. The country ought to feel deeply grateful to the Hon'ble Financial Member for the assurance he has given us in regard to free primary education and for the liberal provision made in the Budget for education in general. I find that at the instance of the Government of India the Local Government has had to take up the subject of Secondary Education in schools, and I am sure something will be done towards improving and developing the present system. I trust also that the generous attitude taken up by the Government of India towards higher education will be maintained, and that such grants will be made from time to time to the University as will enable it to extend the sphere of its usefulness and improve the efficiency of its colleges. Technical education stands on a special footing. It is necessary not merely as a training of the mind and the hand, but as a bread-winning accomplishment. India is at once poor and backward in the industries. Technical education is, therefore, one of the more urgent needs of the country. Government is alive to its importance and it has done much to promote it, but a great deal more remains to be done. It seems to me that the first thing necessary is a large, well-organised Central Technical Institute. The requirements of such an institute, will be large and expensive, and it will probably not be desirable to fritter away resources by having a large number of small institutions. There is now a widespread movement for the development of arts and industries in all parts of the Empire. Your Excellency has declared your sympathy with the movement and has given it your active assistance. The Indian Industrial Exhibition recently held in this city would scarcely have been the success it was, if it had not been for Your Excellency's aid and patronage. I hope Your Excellency will be able to see your way to have an Exhibition of Indian wares organised under Government auspices, say two years hence. These Exhibitions prove themselves to be always great educational factors in stimulating the progress of commerce, industry, science and art, and nowhere else are these factors more required than in our Indian Empire. I trust the Hon'ble Minister for Commerce and Industry will take this matter into his sympathetic consideration.

"Before concluding I would like to allude to the recent visit of His Majesty the Amir of Afghanistan, and to the far-reaching results which will ensue from it in the interests of peace, friendship, and good understanding, along with freer intercourse between Afghanistan and British India. The visit has proved that kind words are more than shot and shell, and for the promotion of enduring peace, personal contact and the friendly intercourse of opinions and hospitalities are of more avail than any number of military expeditions. We are all, I am sure, grateful to His Majesty for the fine spirit he exhibited during his visit, and for the words of conciliation he spoke in the interests of concord between the Hindus and their Muhammadan brethren. My Lord, the spirit of reconciliation is in the air. The people of this country belong to diverse creeds; but why should we bring such diversities, with their acute angularities, into the region of political and social life? Amidst all diversities of creeds, there is one religion penetrating all, the aim of which is to produce good men. And whenever and wherever good men meet with an honest desire to know one another, they soon find out that the things they have in common which make for lasting friendship are more than the mere externals which divide them. I am, there-

[*The Maharaja of Darbhanga; Nawab Saiyad Muhammad.*]

fore, delighted to learn of the movement in Calcutta for the bringing together of cultured gentlemen of all creeds into the club land of fraternal intercourse, and I trust it will be but the beginning of better things to come. Your Excellency will also be pleased to hear that it is intended to form a Hindu and Muhammadan League having its head-quarters in Calcutta with branches all over India for the purpose of promoting friendship among the two communities and for taking united action in furthering the common weal of the people and for the development of all that makes for social, political and moral progress. I would bespeak the gracious benediction of Your Excellency on such movements as I have indicated. And I am sure I am expressing a universal conviction that if the fine spirit of sympathy and kindly consideration for all classes of the people which so eminently marks your rule, becomes the inspiration of all the officers of your Government, from those who immediately surround you in Council down through all ranks, even penetrating those who come into more immediate contact with the daily life of the common people, Your Excellency, during your term of office, will have done more to cement the loyalty, and to sweeten the lives of the millions, than by the passing of any number of so-called heroic measures, and you will have the supreme satisfaction of being able to hand over to your successor a loyal, happy and contented people."

The Hon'ble NAWAB SAIYAD MUHAMMAD said :—" My Lord, I desire, in the first place, to be permitted to congratulate the Hon'ble the Finance Member on the eminently satisfactory character of the Financial Statement presented to the Council. The country will welcome with gratitude the announcement of a further reduction, making the third instalment, of the Salt-tax, reducing the duty to one rupee a maund. As was fully expected, each reduction of the duty on salt has been followed by a large increase in consumption, and although for the present it may appear that a large amount of revenue has been sacrificed, it may be safely predicted that increased consumption will steadily restore this source of revenue to a normal level. But what appears to me to be the chief satisfaction to Your Lordship's Government and the country at large is that such a necessary of life and health as salt will be now freely within the reach of the whole population. It is gratifying to note that the Hon'ble the Finance Member is disposed to look cheerfully at the prospect of the gradual diminution of the opium-revenue. We could have nothing but sympathy for the Chinese Government in its earnest resolve to grapple with the opium habit of the Chinese people, and if that Government contracts its home-grown opium, the British Government should help it by a gradual contraction of the export of opium from India to China. It must necessarily be a slow process spread over a number of years. Nor can the economic effect of the absolute discontinuance of poppy cultivation be entirely overlooked. But so long as the change is gradual, and is not likely to be sudden, I venture to think there is no apprehension of a serious financial dislocation.

"Far-seeing and beneficent as are the changes introduced in the financial system, permit me, my Lord, to express my strong conviction that it is not merely by changes in the fiscal system but by a judicious and wise economy in expenditure that the future can be faced calmly. The relief to the tax-payer can be but temporary unless the Government enters on a bold policy of retrenchment, so that the reduction of revenue which we anticipate may be met without embarrassment. Looking back over many years, if not decades, of our financial history, I am unable, my Lord, to indicate any point of departure from the settled policy of increasing the expenditure. Your Excellency has worthy precedents to follow in the examples of Lord Mayo and Lord Ripon. The claims of the Services are insistent and oftentimes overpowering. But the new situation forced on the Government by circumstances beyond their control—I refer more especially to the possible extinction of our opium-revenue—indicates the path along which progress must be made, so as to bring revenue into reasonable correspondence with expenditure. The curtailment of expenditure, especially on the Services, is both an economic and a political necessity. I cannot, within the limits of such a speech as time and patience of the Council would permit, go into

[*Nawab Saiyad Muhammad.*]

details. Let me say, my Lord, that overgrown expenditure should be curtailed in many directions. Nothing less than a partial re-adjustment of the whole administrative machinery will meet the situation.

"The new scheme by which each Local Government, whose territories are liable to famine, will be enabled to build up a reserve of credit with the Imperial Government is equitable, and will be appreciated by the Local Governments. The Government of India have rightly recognised that the old arrangement by which the cost of famine relief was made wholly a Provincial charge was open to serious objections, and such expenditure would in future be shared by both the Provincial and the Imperial Governments. While on this subject, I beg to draw the attention of the Government to the serious proportions the plague is attaining and how it threatens to bring on a grave administrative crisis. I am fully aware of the attempts that are being made to trace the etiology of the disease and to bring it within the sphere of rational and scientific treatment, either by way of prevention or cure. But the rapid depletion of towns and villages and the consequent decrease in population are grave facts that cannot be overlooked, and must ultimately affect the revenue as well as the administration. While therefore the Committee of experts is at work the Government might well make an experiment on hygienic principles and encourage the evacuation of affected villages in rural areas by helping the villagers to build new houses on new sites. A grant to Provincial Governments for this purpose may well find a place in the Financial Statement.

"In the forty-second paragraph of his Statement, the Hon'ble the Finance Member refers to the increase in the expenditure on education provided in the estimates for the next year; and a pointed reference is made to free primary education. The assurance that the Government are keen about it and the Secretary of State is prepared to sanction a scheme, even though no budget provision is made, is most gratifying. But the reservation about the financial position is not so assuring. I trust that it will be possible for the Hon'ble Member to make a definite announcement as to whether the scheme is likely to come into operation during the next financial year. The need for the scheme is so palpable and pressing that it is unnecessary to discuss that point. And I hope the financial position would admit of this scheme being carried out in the course of the year.

"The decision to raise the weight of letters carried for half an anna from $\frac{3}{4}$ of a tola to one tola and that for one anna from $1\frac{1}{2}$ tolas to 3 tolas will be welcomed by the entire community as an advance in the right direction, testifying to the success with which the Post-Office in India has been worked. A vexatious controversy has arisen over the prospect of the further reduction of telegraph charges, both Indian and foreign. I am aware that the whole question, at all events in its Indian aspects, is before the Telegraph Committee, to whose report and the Government orders thereon we are looking forward. I should be very glad to hear from the Hon'ble Member in charge of the Department of Commerce and Industry that endeavours are being made to minimise the inconveniences resulting both to the public and the Press in the matter of quick transmission of messages. Lord Curzon's concessions in this respect to the public and the Press can be but a failure if there is no adequate staff to carry out the onerous duties cast on them. The question as regards foreign cables stands on a different footing. But there are considerations of overwhelming moment why foreign cable charges should not be reduced still further. And I venture to express the hope that ere long these desirable reforms would be introduced.

"My Lord, I should like to suggest that political and territorial pensions may be exempted from income-tax. These pensions are of the nature of a free grant made for special services and considerations, and it would be both graceful and wise to exempt them from the tax to which other ordinary incomes are subject.

"In conclusion, my Lord, let me reiterate my profound conviction that all our hopes for the future are bound up not so much with measures that tinker the administrative machinery here and there, but with lasting

[*Nawab Sayyad Muhammad; Nawab Bahadur Khwaja Salimulla of Dacca.*]

reforms which go deep down to the bases of life of the great Indian communities. I shall not be doing my duty as a member of this Council if I do not bring to Your Lordship's notice the necessity for timely and well-considered measures being taken to widen the basis of Local Self-Government; and increase the popular representation on this and the Provincial Councils. This reform, as well as the wider association of Indians with the higher branches of the administration, is obviously called for to meet the growing discontent and disappointment in the country. My Lord, I should like to say a word endorsing the view of the Hon'ble the Maharaja of Darbhanga, that there can be no nobler aim of statesmanship than the promotion of amity and good feeling between all classes of His Majesty's subjects. Your Lordship's personal influence has been consistently exerted in this direction, and we hope the efforts of the Government also will be directed to the same end. May Your Excellency's régime be signalised by measures calculated to widen the beneficent scope of the influences that tend to promote the union and peaceful progress of the races who own willing loyalty to His Majesty the King-Emperor!

The Hon'ble NAWAB BAHADUR KHWAJA SALIMULLA OF DACCA, said:—
 "My Lord, I join the happy company that I see around me in bestowing the well-merited praise due to my Hon'ble friend the Finance Minister in again presenting us a most satisfactory Budget, and save that I desire to add my tribute of gratitude to Your Excellency for the further reduction of the Salt-tax and the Postal charges, which will be appreciated by everyone in this country, and for the handsome grant made under Education, and, above all, for the resolution of the Imperial Government to bear in future the lion's share in famine relief. I refrain from criticism of the Budget because I feel it is presumptuous in us laymen, without the actual facts and materials before us, to attempt to fault-find, much more to advise Government as to what the Budget should contain; for we are ignorant of the policy and circumstances on which, from the expert information at command, Your Excellency in Council determines what the Budget of the coming year should be; and where my Hon'ble friend Mr. Gokhale last year failed, it is not within the province of such an humble individual as myself to suggest what should and what should not be the lines on which the annual financial needs of the country should be based. Such criticism, I am humbly of opinion, virtually implies that the authorities take no consideration or thought, and never weigh the pros and cons of any measure of policy, and, if not regardless, are totally ignorant of the needs of the people and the methods of civilised Governments. The absurdity of such an assumption on our part was clearly brought to our notice in the reply my Hon'ble friend Mr. Baker gave last year, in this Council to the speech of, I have no hesitation in saying, the most able of our non official colleagues. That reply showed how Government had fully thought over most of the schemes in his—to use the Hon'ble Mr. Baker's expression—'overwhelming programme of economic and administrative reform'—and how these had been fully considered by Government without any outside aid or advice, and why such of them as had been deemed desirable Government had been unable to bring into operation. It is criticism on our part of this kind which is like tilting at a windmill. But what should be our duty towards Government is to bring concrete cases we come to know of which may have escaped the attention of the authorities, and which have only to be brought forward by us to receive the consideration of the experts at the command of Government which the importance of what we may have to urge deserve. It is on these lines that, with Your Excellency's permission, I propose to confine the remarks I have to make on this occasion. I do not want for a moment to indicate that the Government of this country is perfect, that it does not make mistakes; indeed, my Lord, it is a trite saying that even Homer is found at times nodding, and therefore what we have to do is to bring to Your Excellency's notice facts which show the inconvenience and hardships felt by the public, and also such matters as come to our knowledge which appear to retard the prosperity of the country, so that they may be remedied by Government.
 "It is with this view that I had put certain questions in this Council, but to which the answers given have not been satisfactory; and I therefore avail of

[*Nawab Bahadur Khwaja Salimulla of Dacca.*]

this opportunity to animadvert on these matters in the hope that I may secure further elucidation at the hands of Your Excellency's Government. For instance, to my question whether Government will take steps to see that the English Parliament contribute towards making good the loss of revenue which will accrue if, owing to the persistent efforts of the opium party in England, the total amount derived by Government from the opium revenue is abolished, the Hon'ble Mr. Baker was pleased to reply 'that the Government of India think there will be no advantage in anticipating any such result from the proposals of the Chinese Government now under consideration.' While in the concluding paragraph of this reply, I admit that it may be that, in the particular speech of the 30th May last mentioned by the Finance Minister, the Secretary of State has not made any statement of the kind on which my question was based; but I beg to point out that in my question I have referred to no particular speech of Mr. Morley; on the other hand, I beg to submit that the Right Hon'ble gentleman has stated something to the effect I had mentioned on another occasion in the House, as will be found by a reference to the *Pioneer* of the 25th November last. And the remarks of my Hon'ble friend in introducing and explaining the Financial Statement do not help us much further, save that they foreshadow a loss of opium-revenue to the extent of some Rs. 96,00,000 (Rupees ninety-six lakhs) in the coming year—a loss this country is to suffer to please a few faddists in the House of Commons on the supposed idea that the Chinese Government have resolved to prevent opium consumption in that country. But, my Lord, no one is inclined to put much faith in the assurance of the Chinese Government, and we fear that this assurance may be used as a plank by the anti-opium party in Parliament to get the Secretary of State to commit himself to a line of policy which may hereafter be difficult to withdraw from, and which will simply benefit the Chinese Government at the expense of a legitimate source of revenue of this country; and I see the comments in the public Press are entirely of the view I ventured to suggest by my question, that Government should endeavour to strengthen the hands of the Secretary of State, so that 'if in a virtuous moment Great Britain decides that the industry must be abolished, then she should bear the cost. It would be the height of meanness and hypocrisy to saddle the tax-payer of this country with a cost of British recitide.' I therefore trust that Your Excellency's Government in what has been addressed to the Secretary of State has brought forward the right of this country to be compensated, even for the 96 lakhs which are to be given up to please the English Parliament. My Lord, Your Excellency's Government cannot be ignorant, but I desire for the information of this Council just to state that out of the 30 thousand tons of opium consumed by the Chinese, only 3 thousand tons are Indian opium, and that since the opium edict of the Chinese Government of the 20th September last, it has been reported that the sale of the drug in China has not only not in any way been decreased, but has gone on increasing by leaps and bounds; while out of our total income of revenue one-tenth is derived from opium. And just to take the concrete case of Patna, we find some 16 million souls live by the occupation of the opium industry, and thus we can imagine what we will suffer by a total abolition of this revenue. While with reference to the reply of Your Excellency's Government, given me on this subject, I take the liberty to quote Your Lordship's own views, so aptly applied to the Hon'ble Mr. Gokhale's criticism of last year on the Army Expenditure that: 'He advises us to hang up our military re-organization, till a more disquieting situation arises; that is to say, *wait till the moment of danger arises before we put our house in order.*' My Lord, I respectfully urge that we should not wait, but take time by the forelock and put our house in order before we find ourselves deprived by a radical Parliament of a revenue of six crore rupees from an industry which is the means of livelihood of a countless number of the inhabitants of the country.

"In the same manner, the answer of the Hon'ble Sir Harvey Adamson to my question regarding the Urdu Lexicon, the Amir-ul-Logat, is disappointing, that the Government of Your Excellency should be taking no interest in the advancement of Oriental studies, as 'to have no information regarding this

[*Nawab Bahadur Khwaja Salimulla of Dacca.*]

Urdu Lexicon.' But from enquiries I have subsequently made, I learn there is some information forthcoming regarding this valuable work in the Secretariat. And what has grieved me in the answer I received is, that while the German Government spends money with no stinted hand for the encouragement of Oriental studies, and the Society established in London for this purpose sent a deputation headed by Lord Reay to the present Secretary of State and received much encouragement from the Right Hon'ble gentleman, yet he has been the very person to withhold the sanction of the paltry sum of £400 (four hundred pounds) per annum recommended by the Madras Government for the publication of Dr. Pope's Tamil Lexicon. May I beg Your Excellency to interest yourself in this question, and put us not to shame at what a foreign Government is doing for Oriental studies.

"Again, my Lord, the answer of the Hon'ble Mr. Finlay to my question of whether it is the intention of Government to take measures to legalise the negotiability of railway receipts, that "If Commercial opinion ever asks for the change in the law with some approach to unanimity, the Government will be willing to consider the question.' Now, my Lord, the necessity of railway receipts being negotiable affects more the trade and business of individuals carrying on small and petty trades in up-country and out-of-the-way places. If this facility were given them they would become more enterprising, and the unknown places in which they carry on business may soon become emporiums of large flourishing trade centres; but it is possible this may affect big mercantile houses who have the chief voice in our Chambers of Commerce, and the want of unanimity of commercial opinion is probably due to the interest of these up-country and out-of-the-way native traders (whose enterprise may lead to the opening of the country) not being brought to the notice of Government. But whether or not Chambers of Commerce will with any approach to unanimity ever move Government, yet the recent judgment delivered by the Karachi Court in *The Delhi and London Bank v. North Western Railway*, is evidence of how desirable it is in the interest of banks that these railway receipts were legally declared negotiable.

"My Lord, the Hon'ble Sir Denzil Ibbetson, whom while we are all glad of his promotion, yet regret his absence from among us, in answer to my question of the desirability of the Bill for the amendment of the Bengal Tenancy Act being withdrawn from the Bengal Legislative Council and introduced into Your Excellency's Council, has not been to me and others who are connected with Bengal convincing, namely, that it will avoid the delay which will be involved by its consideration at Your Excellency's hands. But, my Lord, the Bill is of so contentious a character, so seriously affecting the interests of the zamindars and raiyats, and that considering there will have to be two Bills to engage the time and attention of two legislatures, and further, that the Bengal Tenancy Act has now been in force since the last 25 years, any delay of even a year or more by its introduction into this Council will not so seriously affect the interests of the people of the two Provinces affected by the Bill; while the reasons advanced by the Hon'ble gentleman that the Imperial Council should be relieved of legislation which a Provincial Council is competent to undertake, were not applied in the case of the Sindh Encumbered Estates Act and other Acts of legislation which now adorn the Statute Book of this Council.

"To my request to be furnished with a statement showing the approximate number of men employed in the subordinate and ministerial services, and the date when the number and pay in each grade of the service were last increased, I was referred to a statement published in the Gazette of India of the 4th June 1904; but, my Lord, this statement, which thanks to the courtesy of my Hon'ble friend Sir Harvey Adamson I managed to obtain, I find does not meet with the requirements for which I had troubled Government. This statement admirably fulfils the object for which Lord Curzon had caused it to be made, namely, to show the falsity that European and Eurasians were, at the sacrifice of the natives of India, being unduly appointed in the public service. But, my Lord, I have no intention to discuss class legislation; my object (and I may

[*Nawab Bahadur Khwaja Salimulla of Dacca.*]

say from the information asked for and given to my Hon'ble friend Mr. Chitnavis in the matter of one particular branch of the public service, namely, Postal Department) and his is the same, namely, to ameliorate the pay and relieve the hard-worked subordinates in the public services, who are drawing the same pay which their predecessors in the posts now held by them used to draw a quarter of a century ago. My Lord, on receipt of the statement to which I had been referred, I ventured to write for a further statement which could enable us to trace the exact increase in number and pay in the various subordinate and ministerial services, and I have received a statement which, however, I am sorry to say, does not help us much further, for unless we know what was the number of men drawing the salaries, say, in the seventies, we cannot make out whether the increase we are shown in the statement furnished to me as having been made in every department of the public service during 1906 is in proportion to the accumulation of work in all the branches of the public service during the last 30 years. But even this statement, interesting as it is, helps to show how inadequate are the establishments at present in existence. I will only take a concrete case, for instance, the Postal Department, though the same reasoning applies to every other branch of the public service. From this statement we find that throughout the whole of India, the total number of employes drawing from Rs. 30 to Rs. 1,001 and upwards is 9,794 hands. Now, my Lord, of all the administration reports none is more appreciated than the one issued by the Postal Department of India, and one stands aghast at the countless ramifications and work done by this Department; but it is hardly possible to conceive that this huge work can be carried on by only some ten thousand men, except at the sacrifice of great hardship, loss of health and comfort to these hands; and when I see from the Finance and Revenue Accounts of 1905-1906, the net revenue, after deducting all charges of the Postal service, is a surplus of some 12 lakhs of rupees, I respectfully urge that the establishment ought to be strengthened both in number and pay by as early a date as possible. My Lord, those who have served under Government will assure Your Excellency that the amount of work the subordinate and ministerial establishments of the various departments of the public services have to do has been quadrupled within the last 25 years; while, my Lord, the standard of expenses of living in these days has increased in the same ratio, if not more; while the rate of wages in other walks of life have similarly increased. I therefore confidently say that it is the paramount duty of Government to improve the pay and prospects of these men. My Lord, the chief ground of Lord Cornwallis in placing the Civil Service on the satisfactory footing he did was to have a contented and an honest service; and though I am proud to declare that no service in the world can boast of a more loyal and honest set of servants as a whole than the subordinate and ministerial servants of Your Excellency, yet, my Lord, the burdens these men have now to bear can no longer be allowed to remain unrelieved. I know of men in the Postal, Revenue, Secretariat and various other departments of the public services, who have to work something like 14 hours a day, including Sundays. Such is the increase of work now-a-days in the various Government offices, that Your Excellency will forgive me if I parody the famous lines of Thomas Hood:—

"It is not pens and paper
You are wearing out,
But human creatures' lives."

"My Lord, I confidently assert that we have read with pleasure the resolution of Your Excellency's Government regarding house allowance to high officials in Calcutta, and to the clerks who have to go to Simla, and all we urge Your Excellency to do is to further extend that policy and principle of keeping hardworking, zealous public servants happy and contented to the lower and other grades of the public services. My Lord, those who have been in the Revenue service of Government can alone appreciate the honesty of our native subordinate and ministerial servants; revenue of lakhs and lakhs of rupees, is brought from village to village to the headquarters of many a district in India, by men whose

[*Nawab Bahadur Khwaja Salimulla of Dacca.*]

monthly pay or emolument does not exceed 8 to 10 rupees a month; our postal messengers are entrusted with lakhs and lakhs of rupees belonging to the public, who do not draw more than 8 rupees a month; our schoolmasters and teachers of our young, are drawing the wage of a coolie earned at some of our docks. My Lord, I will not draw further on this harrassing picture. But, my Lord, there is another class of public servants whose claim it is impossible to overlook, and they are the Deputy Collectors and Magistrates, the Munsifs and Subordinate Judges; and a more hardworking, diligent and straightforward class of men it will be difficult to find in any part of the world—all these branches of the public services need to be strengthened both in number and pay. I would rather, my Lord, see that our future surpluses are utilized for this purpose, to ameliorate in some measure the lot of these most deserving public servants, than even a remission or reduction of taxation.

“ My Lord, I confess of all the replies given me to the series of questions put by me, the most satisfactory was the one given by the Hon'ble Mr. Finlay regarding British Indian subjects in the Transvaal. I had put that question with the view to show our people that the Government of India is quite as regardful of the rights and privileges of the natives of India in the Transvaal as those who are independently advocating their cause; and it is a great pleasure to me to find that the policy and action of Lord Curzon's administration on this subject is being supported and maintained by Your Excellency's Government. It is one of the unfortunate peculiarities of the method adopted in the Government of this country, that what is being done by the authorities is never made public until the matter is finally disposed of, and this leads ill-disposed people to mislead the ignorant masses, and to induce them to believe that the present-day Government takes no interest in the people; and therefore the answer of the Hon'ble Mr. Finlay has been received with great satisfaction by those amongst whom I live, move, and have my being. But while this answer has been hailed with satisfaction, it has brought to light a curious state of affairs, that these Transvaal Indians—whose cause is taken up and advocated by the Congress, and whose representatives recently went to England, found it necessary to secure the co-operation and support of the Secretary of State for India, and on whom they waited in deputation—should have been so shamefully disregarded of Your Lordship's Government as not to have sent to the Government of India even a copy of the memorial which has been published in some of the newspaper of this country; and this answer shows that Your Excellency's Government has, uncalled and unasked for, done your duty by the people of this country; and I have not the slightest doubt that in spite of this ignoring of Your Excellency's Government, it will continue to take that interest and will safeguard the rights and privileges of the British Indian subjects in the Transvaal as has always been done, and that Your Excellency will take all the measures in your power to see that the British Authorities in England see that the new Legislative Assembly, which has unhappily for us, so scandalously abused its powers by passing the Asiatic Ordinance, by reading it three times at one sitting, will not be allowed to abuse with impunity the powers and privileges with which the new Assembly has been vested, and especially now that we learn that Lord Selborne has reserved his sanction to the Ordinance subject to the King's approval, and that British Indian subjects will not be made to suffer the indignity of being less than the meanest of the subjects of foreign States, who have secured a footing in that country. And here I beg to draw the notice of Your Excellency to the reply reported by Reuter to have been given by the Secretary of State in the House of Commons, that the subject of the treatment of Indians in the Colonies was not included in the agenda of the Colonial Conference, *but if there were time he would invite the Conference to consider the matter.* My Lord, I can hardly believe that Your Excellency's Government will allow a matter of time to be permitted to burke the serious consideration by the Colonies at the Conference of this important question: and, my Lord, the recent discussion in the House of Lords initiated by Lord Ampihill is full of hope. I have therefore no hesitation in saying that if Your Excellency's Government were to urge by telegram (for there is hardly time left to do so in writing) that it is the wish

[*Nawab Bahadur Khwaja Salimulla of Dacca.*]

of the people of this country that this important question should not only be included in the agenda, but should be one of the chief questions to be fully considered and definitely settled in the forthcoming Colonial Conference; and now that the plea of Lord Lansdowne of there being no representatives from India in the Conference being set aside by the appointment of Sir James Mackay, Your Excellency can safely urge for the discussion on the status of the British Indians in the Colonies; and if Your Excellency's Government will do this, Your Lordship will secure the everlasting gratitude of the people of India. My Lord, I do not for a moment deny that self-governing British Colonies, like Foreign Governments, have the sole right to legislate for that which they think best for themselves; and we natives of India, if we with our eyes open choose to domicile amongst them, that we must submit to the laws of the land; but what I contend is that British Colonies cannot put a stain of inferiority on, or put the British Indian subjects on a lower status than that bestowed on the commonest foreigner, and that there should be no difference in the treatment by reason of his colour of one who is a British subject by birth right. My Lord, I feel very keenly on all that affects and reduces the British Indian subject in the estimation of his fellowmen, but I have to confess that I cannot command that eloquence of language which can exhilarate and rouse people to a sense of their duty, and therefore when I find views in consonance with my own, expressed in language which cannot but command the approbation of Your Excellency's Council, I trust I may be permitted to make a small quotation from such. Some Mrs. Stobart has, in the *Fortnightly Review* for February, given to the world the case on behalf of the Transvaal Whites as against the British Indian subjects, and the writer in the *Statesman* has admirably exposed her fallacies as follows:—

'Mrs. Stobart follows the discourteous South Africa practice of using the word 'coolie' as synonymous with 'Indian.' The case that she here puts forward resolves itself into a demand that Indians should be excluded from South Africa in order that white persons may have the privilege of charging high cash prices to Kaffirs, and giving long credit to Boers, and still have a balance over to pay for Churches. This is the ultimate basis of the "free evolution" and the "constructive sociology" on which she lays so much stress. If Mrs. Stobart is thinking only of Polish Jews who are permitted free ingress into the Transvaal, doubtless she is right in arguing that this petty trading is important for them; but as Englishmen we object to the assumption that the English race has no higher rôle to play than to maintain country stores for selling cheap goods to Kaffirs and Boers at fancy rates of profit. It is just because we hold that Englishmen have a far higher rôle in the world that we demand equal rights for Indians in all parts of the Empire. We do not for a moment contend that Indians in the mass have yet reached the same level of civilization or of intellectual capacity that the better classes of Europeans have reached; nor have we the slightest desire to interrupt the elevating work which the influence of the white races upon the coloured races is effecting. Our whole argument has always been that white men must prove their superiority by their actions and not by their assertions. Here in Calcutta white shopkeepers are able to carry on business in competition with Indian shopkeepers, white barristers and doctors in competition with Indian barristers and doctors. They are able to do it because of their own efficiency, and if that fails they will inevitably go down, and will deserve to go down. No race can permanently maintain supremacy except by maintaining superior efficiency, and the whites of the Transvaal, in asking for Anti-Indian legislation, in effect confess that they are unfit for the supremacy which they claim.' With these remarks I feel confident every Member of this Council is in agreement.'

"My Lord, it has been a matter of equal satisfaction to me that Sir Harvey Adamson has informed us on the question put by me regarding the much talked of subject of the separation of the magisterial and executive duties of Revenue-officers, that 'the matter is still under consideration of Your Excellency's Government, that the mass of evidence that has been collected is still to be digested by the Government of India.' But it is because I fear that this evidence is antiquated, and that, less Your Excellency may be induced by the spurious agitation of a bastard public opinion, that I have respectfully urged Your Lordship to stay your hand from putting the axe to the root of the tree which has grown with ages, and rendered protection and shelter to the countless and illiterate during these years, and that we may well wait to see how the experiment works out which has been introduced by some of our Native States, the Chiefs

[*Nawab Bahadur Khwaja Salimulla of Dacca.*]

of which have been so enamoured with the glamour of the Congress platform oratory. My Lord, from such of the literature on this subject that I have come across, I see that goodnatured Englishmen, brought up from their childhood with the system of jurisprudence in vogue in England, hold it monstrous that a man can be a judge and a prosecutor at the same time, and this is what has led them to believe the Collector-Magistrate to be. But is it so? I ask any one who has any personal knowledge of our administration to state whether this idea is not erroneous? Because the District Collector and Magistrate is the head of and responsible for the police administration of his district, does he thereby *ipso facto* assume and perform the function of a public prosecutor? Is it not rather in his capacity under the Criminal Procedure Code as a District Magistrate that he issues his orders to the Magistrates subordinate to him? Does he, and can he, interfere in the course of justice simply by virtue of his office of being the head of the police administration of the district? Why, the Collector has so much work to do that he has seldom the opportunity, in the course of his official duty as head of the police administration, of knowing of any police prosecution till long after his Assistant or Deputy-Collector-Magistrate has disposed of the case, when it may come before him in appeal or in the monthly criminal return. I do not from this desire to state that there are not instances where a Collector-Magistrate may not have interested himself in a particular case; but will he not be in a position to do so even if he were to be deprived of being the head of the police administration? Do we not see and know of officials unconnected with any particular branch of the administration occasionally interesting themselves in what has been done therein? The most recent instance in Bengal of this presumed influence of officials to subvert the course of justice, I need not say, is the order of the High Court transferring the case against Messrs. Emerson and Kemp from the Civil Court of Backergunj on the application of the plaintiffs, who are all intimately connected with the law, on the ground that they are afraid that these officials (though they have no connection whatever with the *Civil Courts*) will be able by their official position in the district to cause a miscarriage of justice. Now here, my Lord, there is no question of Collector-Magistrate; it is simply because the defendants are officials in the district. I, however, do not deny there are some glaring instances of miscarriage of magisterial justice, but this has been made by designing persons to appear as if this is the universal result of the administration of criminal justice by our Collector-Magistrates. But, my Lord, if a thorough and searching enquiry were to be made, if the poor and helpless raiyat in the far-off and out-of-the-way places of the country could be got to give his *untutored opinion* as to what he would prefer, or if the district officer who is in close daily touch with the people in his charge were to be asked, for the moment, to set aside the delicacy which naturally affects his giving an opinion on a matter which personally affects his work and character, to conscientiously state what he really thinks of the substantial justice meted out to the people, coming, as Your Excellency does, from the free atmosphere of England and Canada, Your Excellency will then know what a sham and a delusion is this cry of the iniquities of the Collector-Magistrates of this country. While the great question of impairing the usefulness of the Revenue-officer if deprived of his magisterial power is absolutely lost sight of by those who have no idea in England of our system of revenue collection, my Lord, I fully agree with W. C. M., whose identity we can hardly miss, in his letter of the 14th February in the *Englishman* of the 18th idem, that 'no one who has ever been either a Mufassal Judge or a Mufassal Magistrate can require to be reminded that British Judges in this country, being aliens in it, require to be brought for some time in their career into close contact with the people in order to understand them and their habits and mind. No man can be a good Mufassal Judge who is only a good barrister trained at home I recognize that there is much both here and at home in the structure of the administration which is very valuable, and is worth preserving; and those who would rush over precipices, running after butterflies with bag nets, with their noses tilted in the air, had better be restrained in their own interest and those of

[*Nawab Bahadur Khwaja Salimulla of Dacca.*]

others.' My Lord, I cannot command the facile gift of the ready-writer of W. C. M. I therefore cannot express all I wish to do on this subject as happily as he has done; but fully agreeing with all he states, I earnestly commend the perusal of his letter to Your Excellency and Your Lordship's colleagues. But you will forgive me if I enlarge a little more on what I wish to impress on this Council. The main reason of the advocates for this separation is that of the miscarriage of justice that occurs under the regime of the Collector-Magistrate; but, my Lord, any one who is acquainted with the manner of the administration of civil and criminal justice in this country, if honestly disposed to say what he really feels, cannot but state that *it will be disastrous to the life and liberty of the subject* if criminal justice is entrusted to a class of men who can have no means or opportunities of coming into contact with village life, or with the people in their every-day avocation, who have not the means of knowing what is going on in a village or district, which the Revenue-officer, in the course of his natural duties, moving about from village to village, gets cognizance of, and which no amount of perjured evidence, obtainable in the doorways and porches of our Civil Courts, with the knowledge at his command, can ever mislead him; but if we have the Subordinate Judges to perform magisterial duties, we will see enacted what is commonly to be found in their judgments of acting on 'the preponderance of the weight of evidence.' They have no means of knowing that the man who has deposed on oath has a grudge or motive which will aid and help him in any matter or purpose in which he is interested in his village. But, my Lord, are we ignorant of the miscarriage of justice that takes place in countries where criminal justice is administered in the manner, those who now seek its introduction in India? We have before us that terrible miscarriage of justice in the case of that unfortunate Swede, Alfred Beck, again in the case of the miserable Edaljee, and in the more recent case of the man Lewes sent to three years' imprisonment on the perjured evidence of the woman Millie Marsh, while the case of Drefus has made our blood curdle cold, and I need not enumerate the cases of miscarriage of justice in America. And is there not miscarriage of justice in our own Civil Courts? While under our Code of Criminal Procedure, our system of revision, supervision and appeal is so complete, and last, though not the least, our native Press ever watchful to bring to light where injustice occurs under British administration, what danger is there, my Lord, for any one in this country now-a-days to suffer in his liberty of person, to necessitate a change which will materially reduce the importance, usefulness, and utility of a great branch of the public service, and can only benefit pleaders and lawyers.

"My Lord, it was with a touch of regret I heard the reply of Your Excellency's Government to my question regarding the taking the public into its confidence as to what Government propose to do in the matter of the future constitution of the Legislative Council, that 'Government is not at present prepared to make any pronouncement on the subject,' and the reply furnished by His Excellency the Commander-in-Chief regarding the 'Councilors of the Empire' makes it necessary for me to trouble Your Excellency again on this subject; for ever since it was mooted that the question of amending the Legislative Council is under the consideration of Your Excellency's Government, great has been the consternation amongst my community that if the amendment is to consist of a further extension of the educational franchise, we Muhammadans will be completely swamped by those of the more educationally advanced communities in the country; and while we felt assured by Your Excellency's gracious reply to the deputation that waited on Your Lordship at Simla, yet we feel that the time has come when we should know something more definite as to what is in store for us, and it was with a view that in case the committee appointed by Your Excellency come to a conclusion which may still further handicap the less educationally advanced races of India that we desire to be permitted to be fully heard before an irrevocable decision has been arrived at by Government. My Lord, from the public papers I find that Your Excellency's Government has forwarded its recommendation to the Secretary of State, and we find that the Right Hon'ble gentleman has from his seat in Parliament declared his

[*Nawab Bahadur Khwaja Salimulla of Dacca.*]

intention of submitting the proposal to a discussion in Parliament. Under these circumstances I respectfully submit it is but fair to the people of India, if this Council had also an opportunity of discussing this subject before final orders were passed. My own idea is, that instead of the microscopic minority of English-speaking natives alone being invested with increased power of guiding and advising Government, if the Princes, Chiefs, and the landed gentry were taken into consultation by Government and given greater facilities of being heard and consulted, there would be a greater chance of Government arriving at a policy of administration which would be more conducive to the peace and prosperity of the country. For the Princes, Chiefs, and large landed proprietors of the country, having a larger stake in the country and interest in the well-being of the people than pleaders, lawyers and members of other professions who predominate amongst the educated classes, are in as great, if not better, position to aid and advise Government than these self-constituted representatives of the people. And even if it is the intention of Government to give wider opportunities of local self-government to the people by making over to the educated classes the administration of Municipal, District, and Local Boards, free of the control now exercised by Government officials, such an arrangement should be so hedged in as to enable the landed proprietors to get a preponderate share in these administrations, and the rights and interests of the backward classes should be safeguarded. For, my Lord, in spite of the existing official check and control, judging from the almost universal scandalous mismanagement of the municipalities and local boards of the country, I confess that property holders who have a large stake in the country look with dismay at the possibility of having their interest handed over to a body of men who in the past, in the name of progress, have scandalously misused their powers, incurred liabilities, and spent public funds entirely out of proportion to the benefit and advantages accruing to the public; and seeing the exposures which are coming to light in the management of these corporate bodies in Europe and America, the landed proprietors cannot look with composure on a similar state of affairs coming into existence in this country.

“ My Lord, these matters which I have brought to the notice of the Council do not by any means exhaust the subjects that need to be brought to Your Excellency's notice, some other matters have already been brought forward by my Hon'ble Colleagues, and I am sure those who will follow me will do likewise, and I do not intend to trespass on their grounds, but it is probable that one or two matters which I deem should not escape Your Excellency's notice on this occasion, and to these I now beg your permission to briefly allude. My Lord, the question of purchase of stores required by Government from England is one I desire to draw the attention of Government to. We all know the commendable efforts made from time to time by Government to purchase the requirements of Government whenever possible from manufacturers in India, and the last act and resolution on this subject of His Excellency Lord Curzon has done more for Swadeshi than all those who are talking so loudly about it; but it is in Your Lordship's power to still go further, and while the trade must be grateful to Your Excellency for the recent resolution on the jail industries, yet what I respectfully desire to bring to your notice is the claim of the trade, of men who maintain and keep up extensive business establishments and who could supply the articles which are not manufactured in this country, if commissioned, more expeditiously than the India Office Store Department. These gentlemen have become a valuable asset of the country and have a right and a claim upon Government to be assisted in their business since they substantially help the revenues of the country in the payment of custom-duties and income-tax. I however know, my Lord, that it is difficult to tackle the Store Department of the India Office, but if we go on pegging away Your Excellency's successor may succeed in doing justice to a deserving class of the citizens of the Empire.

“ My Lord, it is with much satisfaction that we have seen Your Excellency's appointment of the Ganges Bridge Commission. The evidence recorded by it has been read by all of us with great interest, and wherever it is decided upon to bridge

[*Nawab Bahadur Khwaja Salimulla of Dacca.*]

the river I trust the claims of the Province, I have the honour to belong to will be taken into consideration by the Railway Board, and a line will be built which will facilitate the great jute and other rising industries of the Province, and if it is decided upon to bridge the river at Sara, the project, so long kept hanging, of a branch of the broad gauge line from Sara to Serajgunj will be taken in hand as soon as possible. While on the subject of Railways I will only make a passing allusion to the great inconvenience caused by the shortage of wagons ; for I feel certain this subject will be more ably dealt with by those more competent to deal with the subject than I am. I however earnestly beg that, amongst their other requirements, proper arrangements be made on railway platforms for the ingress and egress of the third class passengers, and greater facilities and assistance afforded to these passengers to obtain information as to how and where they have to go about, in the midst of the labyrinth that has come into existence with our palatial railway stations.

“ My Lord, we were all satisfied when through the genius of Lord Curzon the trade secured a stability in the matter affecting the customs administration which was assured by the inauguration of the Imperial Custom Service, and though the service is likely to be in a manner detrimental to the interest of the natives of India in the public service, yet native public opinion was prepared to accept this inconvenience on account of the greater good and benefit to be derived from an uniform and systematic service, and those utterly ignorant of customs work and requirements of the trade being no longer foisted on as *kam chalaos*. But, my Lord, serious cries are coming from Bombay that the Collector of Customs of that Province has been allowed to take up the appointment of the Private Secretary to the Governor within the period he was bound under the rules of the Imperial Custom Service to remain in the Department. If thus well-digested and well-considered schemes are to be allowed to run over rough-shod the trade will lose all confidence in Government, and it will be well if the public come to think that the Imperial Customs Service is not to be merely a warming-pan for rising and brilliant Civilians.

“ Nowadays we hear much about the growing discontent and unrest in India. One well-intentioned, but, I think, ill-advised, Englishman, instead of keeping his thoughts to himself, has gone on to give a lecture on ‘ *If there were another Mutiny,* ’ which has been thoroughly misconstrued by the native public ; the same may be said of the sayings of the worthy Prelate and of the Padree who, with the globe-trotters we have the pleasure of receiving every cold season, in their goodness of heart, discarded on the growing aloofness and want of association and sympathy between the rulers and the ruled. But, my Lord, may I beg to tender you my humble experience derived from the close connection we possess between the masses and our rulers, that while there is some truth in the allegation, I honestly believe the saddle is put on the wrong horse—in short, the blame is put on the wrong party. When we find officers, who conscientiously discharge their duties, as we have seen in the time of plague and famine amongst us, calumniated, and maligned, insults heaped upon them in the public Press and such conduct defended and even lauded by those who ought to know better, how can you blame these officers and their comrades in the service if they keep themselves aloof, as is charged against them ? But, my Lord, I would only ask these good-natured Englishmen who have innocently roused a spurious disregard amongst the people for the good and honest work done by those in authority, to state amongst which of the masses of India have they moved ? Do they know anything of the feelings and sentiments of the Bhils, the Santals, the Garhos, the Lushais, the Chins, the Nagas, the Manipuris and even of the rayats ; are not their views and opinions the second-hand, self-interested ideas of a microscopic minority ? When have these good-natured Englishmen come into real contact with the district life of the district officer, and when have they come into contact with the people ? Have they not taken their cue from what they have seen and read in irresponsible papers ? But, my Lord, if we take a lesson from what we see around us, it seems to me that the attempted supremacy of Demos is coming to an end ; the common sense of the people is fast returning, and the people are prepared to once again trust in and abide by what is done by the authorities as done with the best intention of being for the

[*Nawab Bahadur Khwaja Salimulla of Dacca.*]

ultimate good of the country and the people. We see the revolt against the progressive party in Germany, in Russia, in the Labour Conference at Belfast, in the County Council elections in London; and last, though not least, comparing great things with small, in the recent municipal election in Bombay we find the violent agitators and their friends in the Press are being discredited. My Lord, I feel sure it is a pure fiction this cry of unrest in India, but we cannot shut our eyes to the unscrupulous writers in the Press and frothy orators fanning the flame of sedition and openly preaching it under the cloak of self-government. My Lord, it was only a cloud no bigger than a man's hand in the old days that, being ignored by the officials, ultimately brought about a revolt.

"We have had our disturbances lately, my Lord. I use no language of exaggeration when I speak in this Council of the exemplary conduct of Muhammadans during these times of trial. There is no denying that the martial characteristic of the Muhammadans is not extinct and it must be said to their credit that they have displayed a calmness and obedience which marks them as a people worthy of the sincerest consideration of Your Excellency's Government. My Lord, I deem it right to just make a passing allusion to the great question which has disturbed this country, namely, the partition of Bengal. Though it is an established fact, yet, my Lord, it is my duty to state that during the recent Muhammadan Educational Conference at Dacca, Muhammadans from all parts of India were present, and they were convinced, from what they saw and heard, of the advantages which have accrued from the partition to this once neglected part of Bengal in general and to the Muhammadans in particular; and with the exception of a few who, for their own selfish interest, have joined the opposite camp, I assure Your Excellency that the whole Muhammadan community of India view with the greatest satisfaction the partition of Bengal; and indeed it will be a sorry day for India if the tactics of the home rulers of Ireland, now being introduced into India, lead to this great act of public policy to be reversed or set aside. The loyally disposed Hindus and Muhammadans feel that Government must with a strong hand put down at once, and *once for all*, what is going round about us. My Lord, I know that I shall be taken as an alarmist, but, my Lord, 'tis the coming events that cast their shadows before,' and I am prepared for all the contumely and odium that will be cast on me, if only I succeed in inducing Government to pause in the course of putting unlimited confidence in the lip-loyal sayings and doings of ill-natured people, and allowing them a free hand so long as they keep outside of the pale of what is defined in the Penal Code as sedition and treason. We only appeal to Government to put down with a firm hand every attempt to sow the seeds of disaffection and to seduce the people from their faith and belief in Your Excellency's Government. These remarks I have, with some diffidence, ventured to bring to the notice of Your Excellency's Council, for knowing as I do of the contumely I shall receive from these newspapers for making them, yet I feel that when we see the standards of the enemy floating from their platforms, and the war cry of Swaraj proclaimed from the house-tops, we cannot remain mere lookers on. And while it is necessary for us to ask the authorities to remedy any inconvenience or hardship the people may be suffering of which we may become aware, yet we feel it our duty to thus publicly protest against good-natured and well-intentioned Englishmen being made the innocent instruments of men who are brewing mischief the consequence of which they have no thought of; and at the same time to declare our confidence in the Government of the country and our faith that it is incapable of knowingly doing the people an injury or a wrong, and that the powers with which Government is vested, to check and put down the act of lawlessness which is rampant in the country, will no longer be allowed to be a dead letter.

"My Lord, I apologize for the length of these remarks, but this meeting is the only opportunity we have of publicly bringing to the notice of Government what the people with whom we are in daily touch, feel and think, and it needs be that in a year's course we have much to place for the information of Your Excellency's Government."

[*Mr. Hall.*]

The Hon'ble MR. HALL said :—" My Lord, I congratulate the Hon'ble Finance Member and the Government on the reduction of the tax on salt and of the postal rates. Burma does not share in the larger change, as the rate which is now to be in force in other Provinces already prevails there, but the more favourable postal rates will be much appreciated.

" The increase recently sanctioned to the Forest establishment and the generous treatment accorded to the Police in the matter of special pensions and otherwise have been received with gratitude in Burma.

" When the Financial Statement was being discussed in March 1906, I ventured to plead for liberal treatment of Burma under the new Provincial Contract. The Hon'ble Finance Member quite agreed that liberal expenditure in Burma was likely to prove productive, and he added that it would be the object of the Government of India to accord it both just and generous treatment. In some respects the new settlement is not unsatisfactory, but taken as a whole, and in one very important particular, it falls far short of our expectations—so much so that if the present arrangement is adhered to the development of the Province will be greatly retarded. The item to which I especially refer is that of expenditure on Civil Works which is 80 lakhs, or 35 lakhs less than the expenditure of the current year and 20 lakhs below the figure recommended by the Local Government.

" The Province is young and expanding. It is still very ill equipped with roads and public buildings. The area of Burma exceeds that of any other Province in the Empire; and though there are large tracts which will never become available for cultivation, yet the area of culturable waste is very much larger than that of any other Province—and waste it will for the most part remain if expenditure is now to be reduced as proposed. It would be easy for me to mention one district after another in which progress has undoubtedly been retarded owing to the expenditure on public works being inadequate; but it will suffice now to take as an instance one portion of the Province which, as it happens, has been under British rule for eighty years.

" The total area of the three southernmost districts of the Tenasserim Division is 22,159 square miles, the cultivated area is barely 600,000 acres, while the culturable waste is nearly 5 million acres. Now, this is not a tract in which the rainfall is uncertain or the soil barren. On the contrary, the rain has never been known to fail and the land is exceedingly fertile, but communications are so difficult that progress cannot be expected without free expenditure. In the delta of the Irrawaddy a network of navigable creeks facilitated extension of cultivation without heavy expenditure of public funds on roads and bridges. Further, inland cart tracks were available over the level plains throughout the long dry season, but this is not the case in the lower part of Tenasserim, nor in other parts of Lower and Upper Burma where lie the millions of acres of culturable waste. People will refrain from bringing such land under cultivation until they see some good prospect of being able to convey the produce to market at a reasonable cost.

" Again, the state of the existing roads in the Province has been a byword and reproach for many years—and this in spite of the fact that a larger percentage of the Public Works grant is being spent on repairs than in any other Province. I do not suggest that the Public Works Department is responsible for these defects—the money allotted has been insufficient.

" Then, as regards buildings Burma is still very ill equipped. Not only are there many large buildings now under construction while estimates for others are under consideration, but there are hundreds of smaller buildings, mostly of timber now more or less dilapidated, which should be replaced by permanent masonry structures.

" Owing to the high cost of living the cost of administration is necessarily high—so, too, are the rates of labour. It is estimated that the cost of Public Works in Burma is double that in India—for every rupee that we spend in Burma we get no more than can be got in India for eight annas. Although, therefore, the standard figure for expenditure on Civil Works is higher than that

[*Mr. Hall.*]

of Indian Provinces, the allotment is not really on a more liberal scale. It appears to provide for the cost of the work being double what it is in India, but not for the equipment of the Province being in a very backward state. If expenditure on Public Works is curtailed expansion and development must be retarded, and it is to be regretted that this great and valuable estate should not be developed to the full extent of its capacities to the benefit of the people and of the Empire at large.

"The revenue is increasing it is true, and the Province will be entitled to a share of the increase; but this will not suffice to cover the growing wants under other heads, and also to maintain Public Works expenditure at a proper level. Nor can this expenditure over and above the standard figure be fully met from the balance. The closing balance this year includes 50 lakhs received as a contribution on starting the new settlement. Without this the closing balance would be at a very low ebb, and the Provincial and Local balances taken together would in the current year have been reduced by 30 lakhs, while the Budget Estimate for 1907-08 provides for expenditure which will reduce the balance by 15 lakhs. The requirements of the Province have not been always fully met. They are increasing steadily and may be expected to increase at least as fast as the revenue. It is indeed unlikely that the large expansion of revenue that we have witnessed in recent years in Burma will continue. Even the Financial Statement which is now under discussion affords ground for supposing that the advance may not be so rapid and so steady as formerly. Thus in paragraph 17 the following passage occurs:—'In Burma, on the other hand, mainly in consequence of floods in some districts, the expansion of the (land) revenue has been less rapid than was expected.' That remark refers to the figures for 1906-07. In 1907-08 a large increase is expected (paragraph 163), but a considerable portion of that increase will consist of 'arrears of the current year due to floods and unfavourable agricultural conditions in some parts of the Province.' Now, this destruction of crop by flood is not wholly the result of abnormally high floods in the Irrawaddy. It is partly due to the decision of Government to prevent systematic bunding on the eastern bank of that river, on the ground that embankments on that side endanger the large and very remunerative works on the west bank. It may, therefore, be anticipated that for many years, even when the rise of the Irrawaddy is normal, a considerable area of rice-land lying to the east of that river will be submerged.

"From the Financial Statement it is also clear that it is not safe to conclude that revenue under other heads will expand in Burma without any check. For instance, in paragraph 19 it is stated that 'the improvement under stamps and excise has been fairly general throughout the country, except in Burma and the United Provinces.' Again (paragraph 128), 'The growth of assessed taxes in Burma has received a check in the current year.' On the other hand, as regards Land Revenue Charges, 'the budget estimate in Burma has proved too low and there is an increase of Rs. 94,000.' And here it may be noticed that while the Province retains only half its land-revenue receipts it has to bear the whole of the land-revenue charges.

"I would further represent that Burma Provincial Revenue suffers in an exceptional degree from the export-duty on rice. Over 80 lakhs of rice export duty are paid annually in Burma, and this is more than 70 per cent. of the total amount so levied in the Empire. Under the Provincial Settlement the whole of this money is Imperial; but one result of the duty undoubtedly is to reduce the price of rice in the Province, and this again leads to the land-revenue being settled on a lower level than would be the case if exports were free. Burma gets a half-share of the land-revenue, and so the export-duty on rice leads directly to loss of Provincial Revenue.

"I would recommend that some compensation be made to Burma on account of its exceptional contribution to this head of Imperial Revenue, and that the additional assignment be such as to render possible an increase of the Civil Works standard figure on the expenditure side from 80 to 100 lakhs.

[*Mr. Hall; Mr. Apcar.*]

“Whether one looks at the Provincial Settlement as a whole or solely at this one important item, I can only apprehend that unless the suggested alteration of the Civil Works standard figure is made the already long delayed development of some of the most fertile portions of the Province will be still further retarded, while such districts as are already well populated and extensively cultivated will remain ill equipped with buildings and roads.

“In conclusion I desire to express regret that a settlement more liberal and more in consonance with the needs of the Province has not been accorded.”

The Hon'ble MR. APCAR SAID:—“My Lord, I will not take up the time of the Council by repeating at any length what has been said in every part of India regarding the shortage of rolling-stock on our railways. There is hardly a report issued by a Coal Company in Bengal that does not contain some reference to the same thing, and if matters go on as at present, we shall have serious complaints from our local Jute and Cotton mills of the increasing difficulties they labour under consequent on the shortage of coal, entirely occasioned by an insufficiency of rolling-stock. So far as Bengal is concerned the feeling is unanimous. At a meeting of our Chamber of Commerce, held on the 27th February, the representative of the Bengal Coal Company, our premier concern, stated that the Indian Mining Association had lost no opportunity of urging, during the past twelve years, the necessity for ample transport being provided for the coal industry and had been warmly supported by the Chamber; that many of our principal lines of railway are within a few days of stoppage, our mills and other industries are forced to live from hand to mouth, our steamers visiting this, the principal, port of India are forced to leave short of their bunker requirements. Strong words, my Lord, but true in every detail. At the same meeting I had to refer to the same subject in my address.

“Speaking strangely enough on the same day, the President of the Bombay Chamber of Commerce in the course of his able address said:—

‘At the present moment there is one bitter cry going up from all over India for wagons to carry the produce of the country. Only a few months ago we heard of the Karachi shippers being unable to get their wheat down on account of an insufficient supply of wagons, the result being heavy losses on account of demurrage, etc. Now we hear of stations filled with cotton and no wagons to take it away; thousands of tons of manganese lying at the stations in the Central Provinces waiting for wagons which do not come. Indeed, it is not necessary to refer to any particular trade as all are suffering alike, and it is difficult to estimate the loss this inability on the part of the railways to supply wagons means to firms and merchants, but it must be very large.’

“I could go on quoting indefinitely complaints on the same subject, but I have no doubt Your Excellency has noted them and no useful purpose would be served by my taking up further time of the Council.

“The Financial Summary and Statement for 1907-1908 has been welcomed by the trading interests of Calcutta on account of the important provisions contained in it towards making up the deficiency in this matter of rolling-stock. The large grant of Rs. 568 lakhs, or 3¼ millions sterling, calls for and is receiving the cordial appreciation of the Bengal Chamber of Commerce. We note that the Railway Board report that the provision of 568 lakhs has met in full the demands of all railways for grants for rolling-stock for the year 1907-1908.

“There are, however, two important points to which, in our opinion, prompt attention is necessary, while the Budget does not show signs of meeting them. These are, firstly, a programme for expenditure on rolling-stock over a longer period than one financial year of twelve months; and, secondly, the liberal treatment of what are termed, in the Financial Statement and the Railway Board's memorandum, ‘open line requirements,’ which we look upon as the provision of facilities other than rolling-stock in order to enable railways to move with despatch and promptitude the increasing traffic. It is shown in paragraph 73 of the Financial Statement that the receipts from the carriage of passengers, goods and minerals on railways have increased during the last eight years from 16½

[*Mr. Apcar.*]

millions sterling to over 27 millions sterling, or by 70 per cent. It is known that during this period charges for carriage have been reduced, so that it is safe to assume that in numbers of passengers carried, and in weight of goods and minerals, the figures have been more than doubled during these last eight years. As rolling-stock represents but a small share of the total initial cost of a line of railway so, as development occurs, must the line as a whole be increased and not its rolling stock only.

"During the coming year on new lines already taken in hand and under construction only $2\frac{1}{2}$ millions sterling will be spent, as compared with nearly $3\frac{1}{2}$ millions in the financial year 1906-1907; while nothing whatever is to be spent on additional lines sanctioned but not commenced, or on lines at present under consideration but not sanctioned. An explanation of the reasons for this decision—want of money and inability to raise it on reasonable terms—is given in paragraph 71 of the Financial Statement; and in paragraph 72 we are told that the Government is considering whether it may not be practicable to dispense with some of the restrictions which now hedge round their railway policy; and, further, that if this can be done, there is hope that a greater degree of elasticity can be imported to the Railway programme. I can only say that the trading community look with every confidence to means being devised to prevent for the future the retardation of Railway progress which is to mark the coming financial year. Such retardation is not permitted either in England or in the United States, or in our own colony of Canada; and in neither of these countries is the return on the capital invested so high as it is in India. I do not think that we in India have so far appreciated the marvellous prosperity of our Railway system. Up to about ten years ago Government was incurring an annual deficit so far as concerns Railways. In the financial year 1899-1900 a profit was made of £76,756, and since that year the increase has been to all intents and purposes continuous, so that there has been a surplus for the year 1905-1906, after paying all charges, of over 2 millions sterling, giving a net return—after paying all charges—of 5·41 per cent on 253 millions sterling capital expended on open lines. 'All charges' include not only interest paid on the capital cost, but also Sinking Fund payments in liquidation of the purchase price of certain lines which have been bought by Government, as explained in paragraph 76 of the Financial Statement. What sums are being expended in this Sinking Fund we are not told, but we know that purchase-money is still being paid for the East Indian, the Scind-Punjab, the Bombay-Baroda, the Oudh and Rohilkhand, the Eastern Bengal and other lines. If such Sinking Fund charges are excluded, as they should be, in ascertaining what percentage railways are paying, that percentage will be considerably more than 5·41 per cent. shown in the Financial Statement.

"Remarking now on the first point to which it is desired to draw attention, we are told in paragraph 74 that it is far from certain whether it will be possible to spend the large sum of 568 lakhs of rupees on rolling-stock, and that if this should prove to be the case, the grant will be redistributed; or, as we understand, spent on open line requirements other than rolling-stock.

"In other words, the liberal grant of 568 lakhs of rupees is only to be paid if it can be spent by the 31st March 1908, and what cannot be spent by that date will be taken away from the rolling-stock provision. Now, it is evident that a large proportion of the grant has only recently been decided upon, and advice given to the Railways concerned; and to this extent these railways can only now be making their arrangements for purchase. The experience is that a full year elapses between rolling-stock being indented for and its supply, and with every effort to expedite supply under the present sanction, part of the orders will undoubtedly be uncomplished with by the 31st March 1908.

"This raises the question as to whether means should not be devised whereby a grant of this character may be saved from lapsing or redistribution by allowing Railways to place orders for delivery in the subsequent two, three or even more financial years, should it be found that makers are so fully booked

[Mr. Apar.]

with orders that it is impossible for them to deliver all the wagons indented for within the financial year ending 31st March 1908.

"In times like the present, when there is an abnormal demand for new rolling-stock for Railways in Europe and America, it becomes a matter of difficulty to get early delivery of the wagons ordered. Purchasers who are not limited by considerations of 'Budget Allotment,' 'Financial Years' and the various restrictions which the stereotyped procedure of the Government of India imposes on the freedom of Indian Railways, are enabled to place their orders some time ahead of requirements and so ensure delivery when the wagons are actually required. Instead of indenting for the coming financial year only, the Railways ought now to be in a position, should the state of the market render this expedient, to contract for a considerable portion of the rolling-stock required for the next three or four years, so that delivery may not be delayed owing to makers having meantime become filled up with orders from other quarters.

"Two Engineering Firms in Calcutta have recently put down wagon constructing plant, and were there an assurance of increased orders they would doubtless be prepared to extend their workshops. But it is unreasonable to expect firms in India to increase their Capital outlay unless they can rely on keeping their men and machinery fully engaged. There seems every likelihood that the growing trade of India will demand large annual increases to the rolling-stock of the Railways for some years to come. I consider it to be desirable that manufacturers in India should be encouraged to extend their works. This may be accomplished by assuring them of increased and continuing orders if they are prepared to increase their wagon-producing capacity. As about 60 per cent. of the cost of wagons is expended in the purchase of materials in Europe and about 40 per cent. on labour and materials in India, it is expedient in the interests of India and the purchaser that a larger share of the orders should be placed in this country. Manufacturers in India do not ask for preferential treatment as regards price; but being limited to one market, whilst European manufacturers have many outlets for their production, they require an assurance of steady employment for a series of years before facing a large capital expenditure in the extension of their workshops.

"I would suggest, therefore, that such an alteration should be made in our Railway financial arrangements as would enable the various Companies to forecast their requirements beyond the limits of one Budget, and to receive sanction to place orders for more than one year. If it is considered advantageous to look ahead in the matter of construction of lines, it is no less necessary to do so with regard to the equipment of the lines already opened, the growing traffic of which makes it certain that further large additions to the stock of wagons will be required. What would be regarded as prudent procedure in the case of private enterprise may safely be commended as worthy of imitation by the Government of India in arranging for the purchase of rolling-stock.

"The question of open line requirements other than rolling-stock seems to have been somewhat neglected in the anxiety to deal satisfactorily with the rolling-stock problem itself. With nearly 1,000 miles added to the railway system, and a rolling-stock provision more than 50% greater than ever before, railways have nearly 20% less to spend in keeping pace with the growth of traffic. Although it may be the case that with new lines substantial increases may be made to the rolling-stock without corresponding improvements in terminal arrangements, in doubling where a single track has previously existed, in marshalling yards, in quarters for staff, and the like, on older and established lines there must be expenditure on such items to ensure that the additional rolling-stock shall be made proper use of. So far the average work obtained from rolling-stock on Indian Railways has exceeded that on English and American lines, and this may be due to greater foresight in arranging that the lines shall be developed in their entirety, instead of excessive regard being paid to rolling-stock only.

"There have been indications that terminal and junction facilities, and in some cases running line accommodation, have not on the older lines been sufficient to carry the rolling-stock without delays. Two notable instances were

[*Mr. Apcar ; Mr. Gokhale.*]

brought prominently forward in a report made last year by Mr. Wynne, member of the Railway Board. Naihati was found to be totally incapable as a junction to pass traffic through it with anything approaching efficiency, and a new junction on a new site was recommended to cost many lakhs of rupees. The arrangements for serving collieries promptly from loading sidings were characterised as insufficient for the stock then to be dealt with. There is already congestion on the older lines in busy times, and unless there are developments to keep pace with additions in rolling-stock, these cases of congestion must increase and become more serious.

“Another matter of considerable importance to the commerce of Bengal is the question of a Railway Bridge at Sara. The public are not always of one mind, but they are pretty unanimous in their desire for a bridge at Sara and for a broad-gauge railway thence to Calcutta. It came as a surprise to the commercial community when it was known that the Railway Board had recommended a bridge at Rampore Beaulia with a metre-gauge line to Calcutta. I cannot conceive how the Railway Board could persuade themselves to recommend this scheme without further reference to the commercial interests involved. At a meeting with representatives of the Chamber, on the 13th July last, we gave the Board our views on the subject, but were met with a reticence difficult to explain, and which led us to represent the matter to the Secretary of State. On behalf of the Chamber, whom I have the honour to represent, I place on record our appreciation of the assistance our delegates, Sir Ernest Cable and Mr. J. D. Nimmo, experienced from the Private Secretary to Mr. Morley on this subject, and to your Government, my Lord, at the appointment of the Ganges Bridge Commission. The report of this Commission has not yet been published, but on the evidence recorded it is generally anticipated that it will be in favour of a bridge at Sara and prohibition of any metre-gauge line into Calcutta.

“I drew attention last year to the incidence of the Income-tax, and suggested that, as at Home, there should be an abatement or rebate of Rs. 1,500 up to incomes of Rs. 3,600. My Hon'ble friend the Finance Minister joined issue with me on the subject and appeared to consider that a man on Rs. 1,000 a year in this country, if not highly favoured, was not badly off. Neither of us very fortunately have had to try the experiment, but I still adhere to my opinion, and though the matter may not be one of great or general importance, it is quite as worthy of consideration as a reduction in the Salt-tax.”

The Hon'ble MR. GOKHALE said:—“My Lord, it is a matter of deep and sincere satisfaction to me that the Government has effected a further reduction in the duty on salt, which will now stand at the uniform rate of Re. 1 per maund both in India and in Burma. In view of the language employed by the present Secretary of State for India, in speaking of this impost last year, such action on the part of the Government has not been wholly unexpected. I only wish the Hon'ble Member had spoken of this reduction with more enthusiasm than he has done. I know my Hon'ble friend holds what may be called orthodox official views on this subject. The Council will remember that last year he told us in his concluding remarks on the Budget that he ‘never believed that the tax pressed with undue severity even on the poor.’ Again this year he says that ‘the salt-tax is the only contribution towards the public expenditure that is made by a large number of the people.’ Now the former statement is contradicted by the rapid rise in the consumption of salt which has taken place in response to each successive lowering of the duty and which the Hon'ble Member himself describes as ‘remarkable.’ No one is ever likely to stint himself in regard to a prime necessary of life such as salt, unless driven to do so by sheer inability to buy the required quantity. No one, again, is likely to purchase more of it than he needs, simply because it is cheaper than it was before. And I think that the remarkable expansion of consumption that has taken place since the duty was first lowered in 1903—from 36½ million maunds, the average for three years immediately preceding 1903, to 43½ millions, which is the Hon'ble Member's cautious

[Mr. Gokhale.]

estimate for the coming year, an increase of nearly 20 per cent. in five years—is conclusive evidence of the fact that a high rate of duty entails serious privation and suffering to the poorer classes of the people. As regards the second statement of the Hon'ble Member, *viz.*, that the salt-tax is the only contribution which the poorer classes make to the Exchequer, with all deference I must dispute altogether the correctness of the contention. Why, my Lord, so far from this being the case, the fact is really the other way. I think there is no room for doubt that even now, after these successive reductions of salt-duty, our poorer classes contribute, relatively to their resources, much more than their fair share to the revenues of the State. These classes consist almost entirely of a broken and exhausted peasantry, without heart and without resource and sunk hopelessly in a morass of indebtedness. It is from this peasantry that, over the greater part of India, the land-revenue of the State is derived, and it is the same with Provincial rates. Then the bulk of the revenue from drink comes from these classes. The excise-duty on cotton-goods falls almost exclusively on them. Under Stamps and Registration they pay, certainly, their fair share, and probably more than their fair share, since the bulk of our litigation is about small amounts. Under Forests they have been deprived of their immemorial right to free grazing and free fuel, and the proceeds of these are the only burdensome part of forest-receipts, the rest being fair value realized for timber and other products. Even under Customs, where their contribution is expected to be the least owing to their excessive poverty, the Hon'ble Member's predecessor, Sir Edward Law, once calculated that they paid between 20 and 25 per cent. The only tax from which they are altogether free is the income-tax, and the proceeds of this tax are comparatively small, being under $1\frac{1}{2}$ million sterling a year. Now these, together with the salt-tax, of which the main burden is admittedly borne by them, and the Opium revenue, which is contributed by the foreign consumer, are our principal heads of revenue, and I repeat there is no justification for the assertion that the salt-tax is the only contribution which the poorer classes in India make to the Exchequer of the State. It may be mentioned that Mr. O'Connor, late Director-General of Statistics, in a paper read by him three years ago, described the poorer section of Indian cultivators as a class that 'contributed most largely to the finances of the State.' My Lord, I have made these observations, not in a spirit of mere controversy, but because Mr. Morley's pronouncement of last year on the subject of the salt-tax encourages the hope that we may now look forward to the time when this tax may be done away with altogether, and this consummation is not likely to be forwarded if the Hon'ble Member's views in the matter are allowed to pass unchallenged.

"I am glad to see that my suggestion of last year that, in the general statements of revenue and expenditure, the figures under Railways and Irrigation (Productive works) should be given net has been met more than half-way in this year's Statement by the working expenses on Railways being brought over to the revenue side and deducted there from the gross Railway receipts. This is satisfactory as far as it goes, but it does not go far enough, and I think that the Hon'ble Member, having once begun this reform, must now complete it. He still leaves the interest on Railway debt where it was in the accounts. The result is that the figure of Railway revenue, and through it that of our total revenue, continues to be unjustifiably swollen by the amount of this interest, which already stands at about 10 millions sterling and which will increase from year to year as the capital outlay on Railways advances. The Hon'ble Member observes in this connection:—'We have left the Interest on Railway debt in its original place: to have brought it over to the Revenue side of the account as a deduction from its gross-receipts would have necessitated a large *minus* entry in the column for revenue accruing in England.' And such a *minus* entry the Hon'ble Member wishes to avoid, as it would be unintelligible to the ordinary reader. But there are *minus* entries in several other places in the Financial Statement, and if the ordinary reader does not mind them I do not see why he should mind one more. And in any case it is better to be unintelligible than to be unscientific or misleading. Again, the Hon'ble Member has left the figures under Irrigation as they were before. He says:—'We have not thought it essential to go so

[*Mr. Gokhale.*]

far as the Hon'ble Mr. Gokhale suggested and to show the Irrigation revenue net. I quite admit that the same general principle applies to the Irrigation as to the Railway figures: but the former are not yet sufficiently large to cause any serious distortion of the true revenue and expenditure of India.' But I would respectfully ask—why allow the figures of true revenue and expenditure to be thus distorted at all? Moreover, it introduces a new element of confusion if Railway receipts and Irrigation receipts, which are both exactly in the same position, are treated in the accounts in two different ways. In these matters it will not do to alter the prescribed forms repeatedly, as that must make a correct comparative view of the financial position over a series of years extremely difficult. And, therefore, now that the Hon'ble Member has already taken in hand this reform, I earnestly hope that he will not stop half-way but will proceed to the end, and place the matter once for all on a proper scientific basis.

“Another suggestion which I had ventured to make last year was with reference to the separation of Local revenue and expenditure from Provincial and Imperial. In his reply the Hon'ble Member had stated that he himself was in favour of the proposal, as the balance of advantage lay in favour of making the suggested change and that the matter was under consideration. I am, therefore, disappointed to find that the old practice is still there, and that there is no indication in the Financial Statement as to what has been the decision of the Government in the matter. The present practice is responsible for a good deal of unnecessary and avoidable misapprehension. Especially is this the case with reference to educational expenditure. Thus in the Financial Statement we are told that the educational expenditure for next year will be 2 millions sterling. I understand that out of this about £800,000 will be Local. But there is nothing in the Statement to show this, and one is apt to imagine that the whole amount of 2 millions will come from Imperial and Provincial revenues. Last year Mr. O'Grady, a prominent member of the Labour party, made an inquiry in the House of Commons as to the amount spent in India from the Indian Exchequer on Elementary Education. The Secretary of State's reply, instead of stating the amount spent from Imperial and Provincial revenues—which for 1904-1905 was, according to a return laid by the Home Member on the table of this Council the other day, only £160,000—gave the figure of expenditure from 'Public funds,' which necessarily was much larger. Mr. O'Grady, not being satisfied with the answer, put after a few days another question asking the Secretary of State to specify how much of that total expenditure from Public funds came from Provincial and Imperial revenues. The reply to this was that the Secretary of State was not in a position to state the amount, but that he would make inquiries! Now, my Lord, this is not at all a satisfactory state of things. Surely the accounts of the Government of India ought to show what is the State expenditure on Education apart from Local expenditure. I earnestly trust, therefore, that the suggested separation, which the Hon'ble Member himself regards with favour, will soon be carried out and that the Financial Statement for next year will not be open to criticism on this account.

“Coming now to larger questions, I find that I must renew my earnest and emphatic protest against the manner in which our surpluses still continue to be expended as capital outlay on Railway construction. My Lord, I have spoken repeatedly on this subject in previous years, but I feel the injustice of the present arrangement so strongly that I must ask the Council to bear with me while I urge once again, as briefly as I can, my reasons why a change of policy is immediately called for in this matter. This is the ninth successive year when a substantial surplus of revenue over expenditure has been realized, and it is clear that the era of surpluses has not yet come to an end. The total of these surpluses during these nine years stands at the high figure of 37 crores of rupees, or about 25 millions sterling, and nearly the whole of this amount has been spent as capital on Railways. Now a surplus is so much more money taken from the people, either through miscalculation or in other ways, than was needed for the requirements of the Government. And as it is not possible to return this money to the tax-

[*Mr. Gokhale.*]

payers in a direct form, what the Government is bound to do with it is to apply it to purposes which are most calculated to benefit the mass of the people. And the question that we must consider is this—what is the most urgent need of the mass of our people at the present day? Judging from the manner in which the surpluses are applied year after year to Railway construction, one would conclude that in the opinion of the Government what the people needed most was a vigorous extension of Railway facilities. Now, my Lord, I respectfully submit that such a view of the situation is not justified by the circumstances of the country. The claims, for instance, of Sanitation on the attention of the Government are at the present day infinitely stronger and more urgent than those of Railway construction. Already an enormous sum—no less than 400 crores, or 260 millions sterling—has been spent on Railways in India, while next to nothing has so far been expended on the construction of sanitary works. With so many towns in the country decimated by plague year after year, with cholera and malaria committing their havoc in other parts, with the death-rate of the country as high as 35 per thousand as against 16 per thousand in England, I do not see how the Government can continue to leave Sanitation practically to take care of itself. Let the Council consider what difference it would have made to the country if the surpluses of the last nine years—37 crores of rupees—had been devoted to sanitary works instead of to Railway construction! My Lord, we all know that by spending the surpluses as capital on Railways the Government is able in the final adjustment to reduce by a corresponding amount the unproductive debt of the country. And it may be contended that though the surpluses are in the first instance devoted to Railway construction, they are in the end virtually utilised for the reduction of debt. My answer to this is that our debt, by which I mean the unproductive debt of the country—for that is the only real debt—is so small in amount that its further reduction is not an object of much importance. Taking the year 1904-05, we find that this debt then stood at the figure of 60 millions sterling. The 'other obligations' of the Government of India, such as Savings Banks deposits, Service funds, and so forth, amounted in that year to 17 millions. Against this there were cash balances in the Treasuries, here and in England, amounting to 21 millions, and the loans and advances by the Government stood at 12 millions. Our net debt thus is about 44 millions sterling, or less than two-thirds of a year's revenue. This is almost a paltry figure compared with the huge debts of European countries, and the position may no doubt be regarded with satisfaction. But it must not be forgotten that such a result has been rendered possible only by throwing on current revenues for a quarter of a century the burden of all manner of extraordinary charges, which in other countries are usually met out of loan funds. The further reduction of this small debt, therefore, is not a matter of urgency and can well wait, when the money devoted to it may be far better employed in saving the lives of the people. My Lord, it will not do for the Government to say that sanitation is the concern of Local Bodies and it is for them to find the money required to improve it. Most of our towns are extremely poor and the present distribution of the resources between the Government and the Local Bodies is of a most unsatisfactory character. How unsatisfactory it is may be judged from the fact that while there has been a plethora of money in the Government Exchequer for the last nine years, most of our Local Bodies have all the time been struggling with serious financial difficulties and some of them have been in a state not far removed from bankruptcy. Without substantial assistance, therefore, from the Government in meeting the large capital outlay which modern sanitary works require, Local Bodies will never be able to grapple with the problem of improved sanitation: and to my mind there can be no more desirable object on which the Government might expend its surpluses. The Supreme Government should call upon the Provincial Governments to assist sanitary projects liberally out of their own ordinary revenues, and whenever a surplus is realized, it should, as a rule, be placed at the disposal of Provincial Governments for pushing on the construction of sanitary works. I know there is the standing pressure of the European mercantile community to spend every available rupee on Railways,

[*Mr. Gokhale.*]

and these men are powerful both in this country and in England. But, my Lord, the Government must resist this pressure in larger interests, so far at any rate as the surpluses are concerned. Time was, not long ago, when the Government never thought of spending more than four or five crores a year on Railways. And ten years ago Sir James Westland protested sharply against the manner in which programme after programme of Railway construction was being pressed on him in breathless succession. It is true that in those days the Railways were worked at a net annual loss to the State, and that in that respect the position has now undergone a change. Still $13\frac{1}{2}$ crores is a very large amount to spend in any one year on Railways, and yet the Hon'ble Member has thought it necessary to be apologetic in making the announcement! My Lord, I have no objection to the Government using its borrowing powers as freely as possible to push on Railways, which now rest on a sound commercial basis. But it seems to me most unfair that the loans thus raised should be supplemented by the proceeds of taxation. Moreover, judging from certain observations made by the Hon'ble Member last year, I believe that another resource, and that a large one, will probably be soon made available for Railway construction, and that will be a strong additional ground for devoting surpluses in future years to the improvement of sanitation.

" This resource is the profit now annually realized by the State from the coinage of rupees. For the current year it has amounted to the large sum of 4 millions sterling, or 6 crores of rupees. Last year it was nearly as large, being $3\frac{2}{3}$ millions sterling, or $5\frac{1}{2}$ crores. Hitherto these profits have been allowed to accumulate at compound interest, and this Fund, which will in future be known by the name of Gold Standard Fund, stands at present at over 16 millions sterling. I think, my Lord, the public has a right to ask that the Government should now state definitely what limit they propose to assign to this fund and how the profits from coinage will be dealt with when that limit is reached. This is necessary in view of the fact that the statements hitherto made on this subject by those in authority have been more or less vague and, in some respects, even conflicting. Sometimes the purpose of the fund has been stated to be merely the ensuring of the stability of exchange; and sometimes the much more ambitious purpose of preparing for a gold currency has been avowed. When the fund was first constituted in 1900, it was in accordance with a recommendation of the Fowler Committee of 1898— which recommendation had been made with a view to the maintenance of a stable exchange. In 1901-02 Sir Edward Law, in speaking of the Reserve, leaned to the view that it would serve as 'a guarantee for the conversion into gold, if required, of the rupee token coinage.' Lord Curzon, however, merely described it as a means of maintaining the exchange value of the rupee at 1s. 4d. In 1902-03 Sir Edward Law again referred to this Fund, and this time he also stated its purpose to be the maintenance of a stable exchange. In 1904 Lord Curzon reaffirmed the same view. In 1905 the Hon'ble Mr. Baker also gave this view prominence in his statement. Last year, however, the Hon'ble Member pushed the other and more ambitious view to the front, and spoke of the time when the rupees would have to be converted into sovereigns. Again, as regards the amount that is required for ensuring stability of exchange, different statements have been made by different authorities. Lord Curzon said that 10 millions sterling would suffice for the purpose. Sir Edward Law put the limit at 20 millions. The Hon'ble Mr. Baker has put it still higher. In 1905 the Hon'ble Member said:—'I should like to see it (the Fund) raised to such a figure as would enable us, in the event of extreme and continued emergency, to reduce the Secretary of State's drawings by one-half for three years in succession, *i.e.*, to something between 20 to 30 millions sterling.' Now, my Lord, all this is somewhat confusing, and the Hon'ble Member will recognize the necessity of making a full and definite statement of the intentions of the Government both as regards the purpose which the Fund is to serve and the limit up to which it is to grow. This is the more necessary because the Fund was created under mere executive sanction without having recourse to the authority of the Legislature, and also because the annual profits from coinage are now far larger than had been anticipated. I think the Government ought to adhere to the idea of the fund merely serving

[*Mr. Gokhale.*]

as a guarantee for the maintenance of a stable exchange. In that case, even the high limit contemplated by the Hon'ble Member would soon be reached and the profits from coinage—a matter now of five or six crores a year—would be available before long to be employed more usefully than at present. On the other hand, if the more ambitious purpose avowed by the Hon'ble Member last year is to determine the policy of the Government, no limit can be foreseen to the accumulation of the Fund. Such a course, in my humble opinion, would not be justified, and I would venture to urge the following objections against it:—

- (a) That a gold currency for India has never been authoritatively proposed as a definite object to be attained. A stable exchange at a reasonable rate is all that successive authorities have sought to ensure.
- (b) That it is wrong to pile up a huge gold reserve in pursuit of an object never proposed or defined or even regarded as attainable within a measurable distance of time.
- (c) That it is looking too far ahead into the future to anticipate the introduction of a gold currency into India.
- (d) The present margin between the value of bullion and the token value of the coin will not suffice to ensure the conversion of rupees into gold, for the moment demonetization is proposed, silver will be depreciated still further.
- (e) Even on the Hon'ble Member's assumption the Reserve can suffice only for the conversion of rupees coined since 1900. The stock of rupee coin of previous years—estimated at about 130 crores by Mr. Harrison the expert—will not be covered by it.

“I trust the Hon'ble Member will set all doubts in the public mind at rest by making a definite announcement of the intentions of the Government in the matter, if not in the course of this debate, at any rate in the Financial Statement of next year.

“My Lord, besides the reduction of the Salt-tax, there are four other interesting and gratifying features of this year's budget. They are the new arrangement for meeting Provincial Famine expenditure, the prospect of an abolition of the Opium traffic, the reduction by half a million sterling of the special annual grant for Army Reorganization and the announcement made on the subject of Free Primary Education. Of these the first does not require more than a passing reference. I think the scheme outlined by the Hon'ble Member is an equitable one and ought to work well in practice. I only hope that the commendable liberality with which the Imperial Government has treated Provincial Governments in this matter will be extended by the latter in their turn to Local Bodies, and that these Bodies, whose resources, even in prosperous years, are meagre and inelastic, will now be relieved of all responsibility for famine relief altogether. This responsibility was thrust on them when the Government of India itself had to struggle, owing to falling Exchange and other difficulties, with a chronic state of deficits. Now, however, that the very tradition of a deficit has been forgotten, no time should be lost in definitely freeing Local Bodies from a burden which should never have been imposed on them.

“My Lord, I have read with sincere pleasure the important statement which the Honourable Member has made on the subject of the Opium-revenue, coupled as it is with a reduction in the area under cultivation for the ensuing year. I confess I have always felt a sense of deep humiliation at the thought of this revenue, derived as it is practically from the degradation and moral ruin of the people of China. And I rejoice that there are indications of a time coming when this stain will no longer rest on us. I have no wish to go to-day into the historical part of this melancholy business. The Secretary of State admitted freely in his speech last year on this subject that there were few things which Englishmen had reason to regard with less pride than this. The only practical question now is, how to put an end to this morally indefensible traffic with the

[*Mr. Gokhale.*]

least derangement in our finances? It has been suggested in some quarters that the British Exchequer should make a grant to India to compensate her for the loss of revenue which would be entailed by the extinction of this traffic. Now, apart from the fact that there is not the slightest chance of England making such a grant, I think the proposal is in itself an unfair one and ought to be strongly deprecated. No doubt there are important questions like the Army expenditure, in regard to which India has to bear serious financial injustice at the hands of England. Then the cost of the civil administration ought to be substantially reduced by a large substitution of the Indian for the European agency in the public service. And if only justice were done to us in these matters, we could let the whole Opium-revenue go at once and yet not feel the loss. But these questions have to be fought on their own merits and they must not be mixed up with this Opium question. So far as the Opium-revenue is concerned, whatever may be the measure of England's responsibility in forcing the drug on China, the financial gain from the traffic has been derived by India alone, and we must, therefore, be prepared to give up this unholy gain without any compensation from anybody—for that would be only another name for charity—when in the interests of humanity this wretched traffic has got to be abolished. Of course we have a right to urge and we should urge that we must be allowed to spread our loss over a certain number of years—say ten years—so that our finances should not be suddenly disorganised. That would be a fair position to take up, and we should have there the support of all right-minded people. But the traffic itself must go and we must cheerfully co-operate in any reasonable scheme for its final extinction.

“ My Lord, I am glad to see that the special grant of over two millions a year for the Army Reorganization scheme has been reduced this year by half a million sterling. Considering that the money comes out of the iron grip of His Excellency the Commander-in-Chief, I think we have reason to feel thankful even for this small reduction. Of course, since the total initial outlay on the scheme is a fixed sum, this reduced grant only means that the execution will be spread over a longer period than the five years originally contemplated. Still it sets free for purposes of internal improvement a sum of half a million sterling a year out of current revenues. The Hon'ble Mr. Baker describes the circumstances which have led to this reduction in the following words:—‘The present political situation and the reduced receipts we anticipate from Opium have led us to reduce the normal grant to £1,666,700 during the coming year.’ I am glad to see the reference to the ‘present political situation,’ by which the Hon'ble Member no doubt means the improved aspect of affairs on the North-West Frontier. This is partially endorsing the view of those who have objected to the carrying out of His Excellency's scheme on the ground that it added largely to the burdens of the people at a time when, in view of the improvement that had taken place in the position of things, they were entitled to substantial relief. My other objection to the scheme was on account of its throwing on current revenues a heavy extraordinary charge which should have been met out of borrowings. The surpluses of the last nine years were more than sufficient to meet this non-recurring charge twice over, and as they had been for the most part employed in a way which eventually resulted in a reduction of our debt, it was only an act of bare justice to the tax-payers that this heavy non-recurring charge, instead of being spread over a number of years and thrown on current revenues, should have been met out of loan funds. However, I see in the papers that Mr. Morley has finally accepted the scheme. That being so, I fear no useful purpose is likely to be served by my continuing the controversy in this Council. I only trust that the view which I understand is held by the Government that the scheme will in the end make for economy will be found to be justified, when the time for judging of its correctness arrives. Meanwhile, as there is still much vagueness in the public mind about the nature and scope of the scheme, may I respectfully suggest to His Excellency that it will help to clear away unnecessary misapprehensions, if he will see his way to make an authoritative statement on the subject—as far, of course, as a public statement can be made in a matter of this kind.

[*Mr. Gokhale.*]

“ My Lord, the military problem in India may be looked at from four points of view. There is first of all the standpoint of the military expert—the soldier—whose principal idea is to raise the efficiency of the Army to as high a state of perfection as possible, and who wants to take for this purpose all the money he can get. Then there is the standpoint of the average Englishman, who wants to feel safe about India and who is comparatively indifferent as to what burdens are imposed on the people of this country in order that he may feel so safe. That is the way the ordinary member of Parliament looks at this question. Thirdly, there is the standpoint of the Indians themselves—those who have to bear the burden, but have hardly any share in the privileges of the present arrangement. Lastly, there is a standpoint which in a way comprehends or should comprehend all these three, though not necessarily in the same degree, and that is the standpoint of the Government of India. Now, my Lord, when we, the Indian members of this Council, speak at this table on this question, we necessarily approach it from the Indian point of view. It is to express that view that we are here, and though we know that our voice is weak and that what we say is not likely for a long time yet to influence the practical decisions of the Government, that does not absolve us from what is after all our duty to ourselves in the matter. We should be guilty of presumption if we extended our remarks to technical details relating to the Army, on which we are not qualified to express an opinion. But there are certain broad questions of policy—also questions connected with the progress of humanity—which all men of average intelligence may claim to understand and discuss. My Lord, I do not believe that any serious war cloud is likely to appear on our horizon in the near future. I am fortified in this opinion by the high authority of Mr. Balfour and Mr. Haldane. The triumph of Japan in the late war, and the gradual waking up of China and even of Persia—these, if not the overthrow and exhaustion of Russia, are bound to discourage European aggression in Asia for many years to come. Moreover, wars between the great Powers of Europe—and the only war that can touch us is one between England and Russia—are daily growing less and less likely. A comparison of the history of Europe in the 19th century with that in the 18th will show in what direction things have been moving. And the 20th century is bound to be even better than the 19th. The people in Europe are no longer mere pawns on the chess-board of Kings and Ministers. And they are realizing more and more what horrors a war means to them. I think, therefore, that India may well ask to be relieved now of a part of her present Army expenditure. Further, the injustice of the present arrangement, whereby a disproportionate share of the cost of military defence of the whole Empire is thrown on her, must be remedied. Then the status of the Indian officers in the Army, which at present is admittedly most unsatisfactory, must be improved, and higher careers thrown open to them. Lastly, the wrong inflicted on all classes of the Indian community indiscriminately by keeping them compulsorily disarmed—thereby slowly crushing all manhood out of a whole race—must be cautiously but steadily set right. My Lord, I have spoken time after time on these subjects in this Council, and last year His Excellency the Commander-in-Chief, with perhaps a touch of impatience, observed that he had heard my arguments and assertions every year for three years. But, my Lord, is it *my* fault that these things have to be pressed again and again on the attention of the Government? If His Excellency would like to hear less of these complaints, the remedy lies to a certain extent in his own hands. A way must be found out of the present situation, which is no doubt difficult and delicate, but which must not be allowed to continue as it is, simply because it is difficult and delicate. Otherwise His Excellency may raise the Army to the highest pitch of efficiency and yet he will have left the larger military problem in India as unsolved as ever.

“ I now come to what is in some respects the most gratifying feature of the present budget—I mean the statement which the Hon'ble Member makes on the subject of Free Primary Education. The statement is brief, but it says enough to indicate clearly the resolute purpose that lies behind it. My Lord, the whole country has reason to feel grateful to Your Lordship's Government for taking up this question in this earnest spirit. The circular letter

[*Mr. Gokhale.*]

of November last and this paragraph in the Financial Statement taken together leave no doubt in my mind that before the budget for next year is presented, primary education will have been made free throughout India; for I cannot imagine any Local Government standing in the way of the adoption of this measure, since the Government of India is going to find all the money required for it. I am sure we owe much in this matter to the Hon'ble Mr. Baker's active support of the cause. I cannot help recalling that last year when this question was raised in this Council, my Hon'ble friend expressed his sympathy with the proposal in most cordial terms. 'I have', he said, 'the keenest sympathy with every one of the objects on which the Hon'ble Member desires to see public money expended. In particular, I am greatly interested in his proposal for making primary education free with the intention of ultimately making it compulsory. I hope and believe that some great scheme of this nature will eventually be carried into execution.' This was in marked contrast to the reception which the appeal met with at the hands of another member of Government, who, by what must now be described as an irony of fate, then presided over our Education Department and who was therefore the responsible spokesman on behalf of the Government on the subject. Sir Arundel Arundel expressed himself in the matter thus:—'I understand the Hon'ble Mr. Gokhale to advocate universal free primary education throughout India. That would be a large order.' And the utmost that he could bring himself to promise was that the aspiration for free primary education would be 'kept in view as the distant peak to be one day attained while the work of the present must be slow progress along the plain.' What was, however, 'a large order' in March became a very reasonable order in November, so reasonable indeed that the circular letter addressed to Local Governments on the subject showed unequivocally that the Government of India had already made up its mind to adopt the measure. The incident serves only to emphasise the necessity of entrusting the Educational portfolio to such members as feel some enthusiasm for the subject. My Lord, now that the Government has advanced as far as free primary education, I earnestly trust that no long interval will be allowed to elapse before the next step is taken, *vis.*, that of making a beginning in the direction of compulsory education. If His Highness the Gaekwar of Baroda has found it practicable to make primary education compulsory in his State, I cannot understand why the British Government should not be able to overcome the difficulties that lie in its path. The best plan, as I urged last year, would be to confer powers, in the first instance, on Municipal Corporations in cities, with a population of, say, a hundred thousand and over, to introduce compulsion for boys within their areas, the Government of India finding the funds required. The area of compulsion may then gradually be extended, till at last in twenty years or so, primary education should be compulsory in the country for both boys and girls. My Lord, we are already so far behind other civilized nations in this matter that no further time should be lost in making such a beginning. As an eminent German Professor points out, no real economic or social development of a people is possible without the education of the masses. Such education is "the foundation and necessary antecedent of increased economic activity in all branches of national production in agriculture, small industries, manufactures and commerce;" it leads to a more equal distribution of the proceeds of labour; and it ensures a higher level of intelligence and a larger capacity for achieving social advance among the people. It is impossible to over-estimate the importance of this question in the present state of India.

"My Lord, I have so far dealt with various questions arising out of the Financial Statement which the Hon'ble Member has laid before the Council. The question, however, that, in my humble opinion, transcends all others in importance at this moment is how to associate the people of this country with the administration of their own affairs, so that their growing estrangement may be prevented, and, while their self-respect is satisfied on one side, the bond between them and the Empire may be strengthened on the other. The Englishman who imagines that India can be governed much longer on

[*Mr. Gokhale ; Mr. Miller.*]

the same lines as in the past, and the Indian who thinks that he must seek a destiny for his country outside this Empire, of which now, for better, for worse, we are a part—both alike show an inadequate appreciation of the realities of the present situation. The main difficulty in regard to this association arises from the fact that the government of this country is really in the hands of the Civil Service, which is practically a caste, with all the exclusiveness and love of monopoly that characterises castes. My Lord, I am speaking in the presence of so many distinguished members of that Service, and I respectfully trust I shall not be considered guilty of rudeness in making these observations. These men, who give on the whole a high average of work, and who moreover feel conscious that they are doing their best, are naturally satisfied with their position, and they expect us to be satisfied with ours. And as they happen to be practically the sole advisers of both the Viceroy and the Secretary of State, no reform which they do not approve has, as a rule, any chance of being adopted. Of course there are exceptions, but I am speaking now of the Service as a class. In a general way they seem to recognize that some advance is now necessary, but when you come to a discussion of different measures of reform, a majority, though not necessarily composed each time of the same individuals, is to be found arrayed against every reform that may be proposed. Thus if it is urged that judicial and executive functions should now be separated, you will be told that that will not do as that will weaken the executive power. If you say that the Viceroy and the Secretary of State should have among their official advisers one or two Indian gentlemen, the suggestion is resisted on the ground that the confidential character of the deliberations in the two Councils will no longer be assured. If you propose that the Legislative Councils should be expanded and improved and they should be entrusted with some degree of power to exercise a check over the financial and general administration of the country, the objection is raised that such a reform will strike at the root of the very constitution of the Government, which, as the Secretary of State said last year, must continue for as long as one can see autocratic and personal. If the reform suggested is that Municipal and Local Boards should now be made purely non-official bodies, freed from all immediate official control, the answer will be that Local Self-Government touches intimately the interests of the mass of the people, and you cannot allow its efficiency to be lowered. And thus we move round and round the fortress of Official Conservatism and bureaucratic reluctance to part with power, without being able to effect a breach at any point. My Lord, this kind of thing has now gone on for many years, with the result that the attitude of the public mind towards the Government—'opinion,' as Burke calls it, which is of greater importance than laws or executive power in maintaining order—has undergone a steady and, of late years, even a rapid change. Since last year, the impression has prevailed that the Government has at last decided to move forward and that important concessions are contemplated. I earnestly trust that this impression is well-founded. I trust also that the proposed reforms, when announced, will be found to be substantial and conceived in a generous spirit. My Lord, it is of importance that there should be no unnecessary delay in this matter. The public mind is in a state of great tension, and unless the concessions are promptly announced and steps taken to give immediate effect to them, they will, I fear, lose half their efficacy and all their grace. The situation is an anxious—almost a critical one, and unless the highest statesmanship inspires the counsels of the Government, difficulties threaten to arise of which no man can foresee the end."

The Hon'ble Mr. MILLER said:—"My Lord, at the meetings of this Council in recent years very interesting statements have been made by my distinguished predecessor, Sir Denzil Ibbetson, regarding the policy of the Government of India in its efforts to improve the conditions of Agriculture, to develop Irrigation, to promote Forestry, and to deal with the constant variety of problems falling under the head of Land-revenue. I do not propose on this occasion

[*Mr. Miller.*]

to follow that example. Having only recently joined Your Excellency's Government I have not the intimate acquaintance with all those matters, or with the details of the striking developments that have taken place during the past five years, to enable me to speak with the same confidence as my predecessor; nor have I that personal knowledge which alone can give interest to a statement made for the information of this Council and the public. On these matters of departmental administration I propose, therefore, to confine myself to a few remarks of a general character.

"One subject which I thought it would not be necessary for me to notice today is that of famine. Relief operations have unfortunately been found necessary in some parts of the country and are now in operation, but I did not regard the position as so serious as to require mention in this Council. I cannot, however, allow some remarks which were made by the Hon'ble Dr. Rashbehary Ghose to pass altogether unchallenged. I heard those remarks with regret. The Hon'ble Member claimed to set down naught in malice, but, if I understand his remarks aright, he lent the countenance of his name and the weight of his eloquence to those who will set down much in malice. It is frequently asserted, and still more frequently insinuated, that famines are now of more constant occurrence and are more serious in character under British rule than they were formerly, owing to the gradual impoverishment of the people. Statements to this effect, often repeated and suffered to pass without contradiction, have now come to be accepted as axiomatic and are taken as part of the regular stock-in-trade of journalism. And yet these statements are absolutely incorrect and misleading. I do not for a moment mean to say that the Hon'ble Member committed himself definitely to such assertions, but I say that his remarks will tend to encourage their repetition. I regret the spirit in which these remarks were made, because I have no doubt that the aim of the Hon'ble Member is the same as that of Government, namely, to prevent famine as far as is humanly possible, and where famine cannot be avoided to do everything to alleviate the misery it must cause. I have no doubt that we all give the Hon'ble Member full credit for the honesty of purpose he claims. But if he desires to obtain a reputation for absolute fairness I trust that when he next reviews the subject of the alleviation of famine in the future he will not fail to make himself acquainted with, and to give due credit for, the great strides that have been made in the past, owing to which famines, terrible as they still may be, are not comparable in the distress and misery they cause with those of former times.

"In our Agricultural policy we are now approaching the end of a period of transition. The Department was built up during a long series of years chiefly by the patient and far-seeing efforts of Sir Edward Buck, whose great interest in India makes him still a yearly visitor to its shores. He laid the foundations during years of financial stress, and he recognised that in a branch of work from which no quick and visible returns could be derived, it was the part of true wisdom not unnecessarily to attract the attention of the financial authorities by any excessive demands for pecuniary assistance. He devoted himself rather to economies in the troublesome and often protracted system of land settlement, and in the domain of agriculture to inquiry and organisation, so that when a more propitious time arrived his successors should be prepared to reap the advantage of it. The appreciation by the Government and by the public of the possibilities before the Department gradually increased, the demand for a more active policy gathered force, and at the same time the improvement in the finances of the country enabled the Government to make an entirely new departure. In all the Provinces funds have in recent years been provided on a liberal scale for the expansion of the agricultural organisation for the recruiting of trained experts, for the provision of model or experimental farms, and for the improvement or establishment of schools or colleges. At the same time the Imperial Government has made special provision at Pusa for two definite purposes:—for the highest forms of scientific research and for the higher training of Indian students. We have thus, as I said, been in a period of transition—transition from the ill-equipped state of some years ago, when the staff of the Department was as small as the duties thrown upon it were multifarious—to the

[*Mr. Miller.*]

time when we shall have a strong and, we hope, a capable staff, competent both to grapple with the research work which must be the basis of all progress, and to bring the results before the peasantry, whether with a view to actual improvements or introduction of new staples and new methods, or with a view to the avoidance of the diseases and blights which have caused and do cause almost incalculable damage every year. We have obtained now the greater part of our expert staff, not indeed all we hoped for, but nearly all that can be provided at present, and the immediate future will be a period of training, of organisation, and of consolidation both in the Provinces and in the branches of work directly under the Imperial Government. At Pusa the work of research is now in full operation, the main buildings are nearly complete, and I hope in a few days to inspect their progress. When it will be possible to open the college I am not certain, but I hope at no very distant date, as the work of training is now perhaps the most important of all we have to undertake. The expansion of our provincial staffs is more likely to be delayed by want of men than by want of funds, and I hope to see a large increase in the number and the quality of the students who resort to our agricultural schools and colleges. It is with them indeed that the future must rest; and I hope that the numbers who are willing to devote themselves to what is, after all, the greatest of the interests of India will increase, and that the best brains of the country may be found in the service of its agriculture.

“ The Financial Statement deals at some length with Irrigation works. The remarkable results achieved in the Punjab must give satisfaction to all who are interested in the material prosperity of the people of the country and in the growth of its revenues. It will interest the Council, as an example of the manner in which the enthusiasm of our engineers is ever ready to take advantage of the progress of modern discovery, to know that enquiries have been started in the Punjab to ascertain the possibilities of carrying on lift irrigation by electric power. The Province which now undoubtedly offers the most promising field for further profitable extensions of irrigation is Sind. There, owing to the absence of weirs, few of the canals at present carry any cold weather supplies, but with suitable weirs across the Indus vast and promising extensions of irrigation, unequalled I am told in any other part of India, would be feasible. It is possible that three weirs would be required which would break up a long stretch of the Indus into portions of convenient lengths for canals to irrigate the Indus Valley from the confluence of the Chenab river to the sea. In other Provinces equally profitable results cannot be secured, but the Council are aware that in consequence of the Report of the Irrigation Commission we are considering not only the most profitable schemes but also those which would not in former times have been deemed sufficiently remunerative, and that ever-increasing attention is being given to the protection of insecure tracts from famine. Of the many proposals under investigation there are three large reservoir projects in Madras—the Tungabhadra, the Kistna and the Cauvery schemes, the combined magnitude of which is almost staggering to anyone but an Irrigation Engineer. I am not certain that I ought to except even the Engineer, and the Hon'ble Mr. Sim, who has pleaded the cause of Madras, will, I feel sure, admit that projects so vast must be very carefully considered in all their aspects before public funds can be devoted to their construction. In Bombay the Godavari project, estimated to cost nearly a crore, has been sanctioned, and an interesting feature of another protective scheme under consideration in that Presidency is a proposal to use the water not only for irrigation but for the supply of power, the nature of the site lending itself to a scheme for this purpose. In the Central Provinces the largest scheme under consideration is one for irrigation from the Mahanadi.

“ I should like to add a few remarks on the Budget proposals from the provincial point of view—more particularly with reference to their effect on the Province I have myself lately administered. In this view I desire to express a very hearty approval of the scheme for making assignments to the various Provinces to build up a Famine Reserve, and I observe that these proposals have been cordially received by more than one Local Government. When the

[*Mr. Miller.*]

provincial contract for the Central Provinces was under consideration, we admitted that we were treated with all the liberality we could expect. There was only one point on which we felt some hesitation, and that was our liability in the event of famine. The Government of India were good enough to make some modification, which relieved us of our more immediate anxieties, but I am very glad to see that a permanent scheme has now been devised, the terms of which are sufficiently liberal, if only we have a few good years to start with, to remove the danger of that dislocation of provincial finance which in previous years has had such a disastrous effect in impeding development. The first year of the new Provincial contract with the Central Provinces has just closed: the contract has worked out better than was expected; the provincial allowances are more than sufficient to meet the present scale of provincial expenditure, and will permit the administration to recover the ground it has lost during a long succession of lean years. That the contract has turned out so well is partly due to a cause that may be held, as the Hon'ble the Tikka Sahib has pointed out in connection with another Province, to have its unsatisfactory aspects—a great development in receipts from excise. The growth of this revenue is very largely due to a change of system introduced in large areas by which the supply of liquor has been brought under better control and its price raised: and so far it is satisfactory. It is also due to good times and to a very extraordinary increase in the wages of our labouring classes, amongst whom the habit of drinking is more widespread than in other parts of the country with which I am familiar. It is possible that these good times have led them to indulge more freely than before, and, if so, this is unsatisfactory; but the possibilities of evil are being recognised, I am glad to say, by the people themselves, and in more than one district temperance societies have been formed. One of these in a remote upland district had, when I last heard of it, obtained considerable success, and its adherents had passed through the temptations of certain festive seasons without lapsing. The local authorities have given their countenance to the movement, and the Government regards it favourably and with interest. Beyond this official action cannot go, but the Hon'ble Member will doubtless be glad to hear that these movements in favour of temperance are springing up amongst the people themselves, with whom rest the social influences that alone can maintain the vitality and ensure the success of efforts at reform.

“My Lord, the Central Provinces are well and ably represented on this Council, but this is the only occasion on which I shall ever have any claim to speak specially on their behalf, and I venture therefore to say that they fully deserve the great improvement in their financial condition that has recently been allowed them. They were described long ago by a well-known Anglo-Indian poet, though in a forgotten poem, as the Cinderella of the Indian Provinces. This description still holds good, for till now they have had no funds with which to make a respectable appearance in public. But they have a keen and, in many parts, a very intelligent population, they have many tracts of unusual fertility, immense mineral resources, and forests which are rapidly improving and which will in the future be a valuable asset. They only require development, and at present their urgent need is an extension of railway communications. Their present railways cannot move even the grain crops in a good year, and even the richest tracts are entirely unprovided with feeders. I share the disappointment caused by the announcement that progress in the construction of new railways will be retarded. It is possible that in the past the provincial aim has been too much to provide railways that would be useful in time of famine. In the circumstances of the time this was only natural. The Province now requires railways in the paying tracts, railways that will assist not only in the transport of its food-grains, but of its cotton and manganese and coal and forest-produce. There is a great commercial future before the Central Provinces, but progress is everywhere hindered by want of adequate transport. I believe that local capital would, though perhaps only to a limited extent, be forthcoming for the more promising lines, and I hope that it may eventually be found possible to devise some scheme that will encourage the local or private investor in this country to come forward to supplement the funds that are provided in the ordinary course of the programme of railway construction.”

[Mr. Finlay.]

The Hon'ble MR. FINLAY said :—“ My Lord, it is satisfactory to a member who has just assumed charge of the Commerce and Industry Department to find the position of the country so sound in regard to the interests with which he is specially concerned. The figures of the Financial Statement bear throughout clear though indirect testimony to the continued progress of the trade and industries of India. The trade returns afford direct evidence to the same effect: the imports of merchandise in the first 11 months of 1906-1907 exceed those of the same months in 1905-1906, which was itself a record year, by between 5 and 6 crores of rupees: and the exports of Indian merchandise show an excess of between 12 and 13 crores. I may perhaps add that on my return to India, after an absence of more than four years, the fact which has made the keenest impression on my mind is the very great progress which has been made by the country during the interval. In Calcutta, in Bombay, in Madras, in Cawnpore I have seen and heard striking evidence of advance in every direction, and of commercial activity and progress of the most satisfactory kind.

“ The members of this Council are aware that the Post Office in India is one of the best managed and most progressive of the departments of the public service, constantly assiduous in meeting and anticipating the needs and wishes of the public. The administration of the Post Office in this country compares favourably with that of any country in the world. I am glad that in this year's Budget Statement it has been possible to announce some important concessions to the letter-writing public.

“ The first of these relates to letters to foreign countries. The Rome Universal Postal Conference of last summer altered the unit of letter weight from 15 to 20 grammes, and allowed the British Post Office to declare its equivalent to 20 grammes to be one ounce. India will follow the lead of Great Britain, and from October next the unit of weight for letters sent out of India will be doubled, being raised from half an ounce to one ounce. The rate of postage to countries within the British Empire will be one anna an ounce. To countries not in the British Empire the rate will be $2\frac{1}{2}$ annas for the first ounce, with $1\frac{1}{2}$ anna additional for each additional ounce.

“ In almost all the countries of the world the lowest rate for which a letter is carried within the country is the equivalent of one anna. In India, almost alone, there is the specially low rate of half-an-anna. Till two years ago the weight allowed to be sent for this special rate was half-a-tola. From April 1905 this was raised to three-quarters of a tola. In the debate in this Council on March 29, 1905, the Hon'ble Sir J. Hewett stated that the Government of India hoped that the weight might eventually be raised to one tola. We are now in a position to fulfil this promise, and from October next half-an-anna will cover the postage of an inland letter not exceeding one tola in weight. This concession the Government of India intend to be final: whatever alterations may be made in the other units of weight for letters, they do not contemplate any further alteration in the weight of letters charged with the half-anna rate: nor can they hold out any hope of a reduction of the rate below half-an-anna as suggested by the Hon'ble Mr. Chitnavis.

“ The half-anna rate is a special rate for light letters peculiar to India. The real unit of letter postage in India, as in other countries, is one anna. Till 1898 the weight covered by this rate was one tola; in October 1898 this was raised to $1\frac{1}{2}$ tolas, which is the equivalent of about $\frac{2}{3}$ of an ounce. When the unit for foreign letters is raised to 1 oz. it would be impossible to retain unchanged the unit for inland letters. For it would be out of the question to charge one anna for a letter sent from Calcutta to London *via* Bombay and to charge two annas for a letter of the same weight sent to Bombay. From October next the letter unit of weight for inland letters will be increased to three tolas. This is the equivalent of rather less than $1\frac{1}{2}$ oz., and the Government of India do not consider that this increase can be considered as final: they think that the difference between the weight of an inland and of a foreign letter which can be carried for one anna should be considerably greater than 25 per

[*Mr. Finlay.*]

cent. In England a letter weighing 4 oz., the equivalent of about 10 tolas, is carried for a penny; and the Government of India hope, if the Post Office revenues continue to increase, to be able to announce next year a further increase in the unit of weight of inland letters which may be sent for one anna.

"The last valuation of the Postal Insurance Fund showed a considerable surplus, and, with the approval of the Actuary who made the valuation, the Government of India have decided to increase by 10 per cent. the sums insured by the existing premia: thus the monthly payments which have hitherto effected an insurance for Rs. 100 will in future secure Rs. 110. This concession will apply to all policies in existence on April 1, 1907, as well as to new policies from that date.

"I am also able to announce a reduction in a not unimportant telegraph rate. The tariff on telegrams between India and Aden is now Rs. 1-5 a word. It will shortly be reduced to one rupee a word. The representations made by the Government of India have secured the consent of the Cable Companies concerned to this reduction, and I hope that the negotiations will before long also result in a corresponding reduction in the rate for telegrams to and from East and South Africa, and the Red Sea Littoral.

"The Hon'ble the Nawab Sahib refers to the question of making railway receipts negotiable instruments. I think he exaggerates the possible effects of this suggested change in the law, and I have never before heard that there was a clash of interests in regard to it between the large and the small trade centres. In any case I could not advise the Government to legislate on such a subject without feeling confident of the fairly unanimous support of commercial opinion.

"The same Hon'ble Member mentions the question of the purchase of stores required from England. The report of the Committee appointed to inquire into the system under which Indian and English stores are purchased for the use of the various departments has been received, and the recommendations made have been carefully considered. The Government will shortly place before the Secretary of State their views on the subject. Until their proposals reach the Secretary of State, I regret to say that we are not at liberty to publish the Committee's Report.

"The Hon'ble the Nawab Sahib and the Hon'ble Mr. Apcar refer to the Ganges Bridge Committee. The report of that Committee has not yet reached the Government, but I understand that it has been signed. When it is received, no time will be lost in taking up its consideration or in forwarding to the Secretary of State the recommendations of the Government of India on the subject. In the meantime the report will be published, and attention will be paid to any public criticisms or remarks which it may elicit.

"The Hon'ble the Nawab Sahib and the Hon'ble the Tikka Sahib of Nabha urge upon the Government to the claims of third class railway passengers for greater comforts and conveniences. The need for this is fully recognised, and I would refer Hon'ble Members to the remarks on the subject in the memorandum by the Railway Board appended to last year's Financial Statement. Although the Board do not recur to the matter this year, I can give an assurance that they have not relaxed their efforts to improve the comfort and convenience of third class passengers.

"The Hon'ble Mr. Apcar has commented on the reduction in the capital expenditure on railways. It is the case that the expenditure in 1907-1908 will be less than in 1906-1907, and also less than the amount entered for the year in the triennial programme which was provisionally sanctioned a year ago. The system of triennial programmes was sanctioned by the Secretary of State in the following words: 'Although I am not able to pledge myself unreservedly to the provision of money for three years in advance, I am willing to adopt the plan of a programme to be prepared each year of the expenditure for the coming three years, and to give provisional sanction beforehand to the expenditure necessary for carrying out the programme, subject, however, to financial exigencies

[*Mr. Finlay.*]

which may compel me to restrict the grant in any year. Although the Secretary of State cannot divest himself of the power of revising the programme in the special circumstances above referred to, it may be understood that the intention is that ordinarily the allocation made in advance for any given year shall not be disturbed.' The programme prepared a year ago for the three years 1906-1907 to 1908-1909 was the first triennial programme prepared and provisionally sanctioned under these orders. And it is particularly unfortunate that it should have been necessary to exercise the reserved power of reduction in special circumstances in the very first year for which a provisional sanction had been given beforehand. I regret the reduction as much as my Hon'ble Colleagues. But we must bow to the financial necessities which have led to the decision. The capital expenditure on railways must clearly be limited by the amount which can be borrowed in the year: there is no possibility of escaping from that limitation, though there may be difference of opinion as to the correctness of the estimate of the amount which it will be possible to borrow in the coming year. Provision has been made for a loan of three crores in India. I believe that banking and commercial opinion in India will endorse the opinion of the Government of India that it would not be prudent to issue a larger loan in India in the coming year. But the amount that can be raised in India is only a small fraction of the sum required for capital expenditure on railways, and the restriction of that expenditure really depends on the amount of sterling borrowing in London. This must be settled by the Secretary of State, who has at his command the fullest information and the best financial advice relating to the London money market. His decision as to the amount which can prudently be borrowed in London next year necessitates the reduction of the capital expenditure on railways from 15 to 13½ crores. While we regret the decision we must accept it; and enough is known in India of the present circumstances of the London money market to explain it.

"The Government of India are fully conscious of the disadvantages which this reduction in the rate of railway capital expenditure entails, and of the disappointment with which it is regarded by the mercantile community and all who are interested in the development of the country; and they recognise that the reduction is particularly inopportune at the present time when trade is exceptionally active, and when the Indian railways are proving increasingly remunerative. It has been necessary to omit from next year's estimates any provision for starting the construction of new lines, to retard slightly the progress of lines under construction, and to reduce to a small extent the expenditure on special works of open lines. The expenditure on rolling stock and on ordinary works of open lines has not been reduced, and the capital expenditure on open lines absorbs nearly three-fourths of the total provision of 13½ crores.

"If we are to reap the full advantage of our large past expenditure on railways and to avoid causing grave inconvenience to trade, we must be prepared to face an increase in the annual capital expenditure on open lines; and, in view of the urgent need for new lines in many parts of the country, we cannot long continue to restrict the expenditure on new construction. Must we then admit that the task of financing Indian railways has attained such a magnitude as to be beyond the power of the Government of India to undertake successfully? Or may we hope to devise some means by which we shall be enabled to fulfil our responsibilities, and avoid in future years a retardation of progress such as that which the state of the money market in London has forced upon us for next year? The Government of India do not despair of finding a remedy and will address themselves to the task.

"One means of relieving the Government of a portion of its difficulties and of increasing the progress of railway construction I may mention. It is private enterprise. In most other countries railways have been built without the direct intervention of the Government; and it has always seemed to me unfortunate that the Government of India has been required to take so large a share in the work of providing India with railways. The policy of giving guarantees was, no doubt, necessary at the beginning. But I myself believe that if during the last

[*Mr. Finlay.*]

thirty-years or so the Government had sternly refused to give guarantees or any special assistance to private enterprise, and promoters had known that it was useless to ask for special assistance, real private enterprise would have come forward, and we should by this time have had more railways in India than we have built under the system of almost complete dependence on Government assistance. By private enterprise I do not mean the enterprise which would, while accepting the chance of profit, throw on the Government the risk of loss: I mean enterprise which accepts both the risk of loss and the chance of profit. If private promoters make proposals of this nature, they will find that they are welcomed both by the Railway Board and by the Government of India, and they will not have any unreasonable conditions imposed on them. But I confess that I am not sanguine that private enterprise will come forward so freely as to admit of the adoption of the very radical change in railway policy recommended by the Hon'ble Mr. Chitnavis.

“There is one remedy for the defects of the existing system often suggested in vague terms which I will mention only to reject. It is the separation of railway finance from the general finance of the Government. My Lord, the difficulties in the way of raising money for railway construction are real difficulties, and not difficulties which can be avoided by any book-keeping device. It will not make it any easier to raise the total amount of the loans that the Government require if the loans are divided into two classes, one of loans required for railways and the other of loans required for other purposes; and it would be impossible to give the first class precedence over the second, for when loans for other purposes are required, they are of an even more urgent nature than railway loans. In ordinary years we borrow practically only for capital expenditure on railways and irrigation, and the suggested separation of railway from general finance would have no effect whatever on the only real difficulty of our present system—the difficulty of raising the money required for railway construction.

“The restriction on the amount of our loans, which leads to the limitation of our railway programme, is exercised by those responsible for the decision on consideration of the price at which the loans are likely to be floated, that is, of the effect on our credit in the money market of loans of any required amount. At present our sterling loans are issued at 3 per cent., and at a discount. We cannot largely increase the amount of the loans without increasing the discount. But if we were prepared to pay a higher rate of interest, or to offer subsidiary advantages,—such as a share in the profits of our railways in addition to the fixed interest,—we should probably be able to raise in the London money market larger sums than are now considered prudent. There are of course objections and difficulties in the way of the adoption of either of these suggestions; but they are worthy of consideration.

“The Hon'ble Mr. Gokhale has today made a suggestion which, if adopted, would place at our disposal a considerable annual amount without in any way affecting the credit on the London money market of the Secretary of State. It is, in effect, that further investments on account of the Gold Standard Reserve should be made in our own railways instead of in sterling securities bought in the open market. The annual profits on coinage are, the Council is aware, invested in sterling securities in order to form a fund to be used, when occasion arises, for the purpose of preventing the rate of exchange falling below 1s. 4d. the rupee. Till the sterling investments have reached an amount which shall be unquestionably large enough to secure the object of the fund, no one would propose to divert the profits on coinage to any other purpose. The sterling investments now amount to over 12½ millions; and in addition the Government of India hold in the Currency Reserve and the Treasuries between 10 and 11 millions of gold, which would be as readily available as the investments, or more so, for use for the purpose for which the Gold Standard Reserve exists. In view of these figures the question arises whether the time will not shortly come when it will be unnecessary to continue to add to the sterling investments, and to incur the annual loss of the difference between the rate of interest secured from the investments, and the rate at which our annual loans are issued. That is a question which must be decided without

[Mr. Finlay.]

reference to the need of further expenditure on railways, and with reference solely to the sufficiency of the Gold Standard Reserve Fund for the purpose for which it was formed. But if it should be decided in the affirmative, the Government will be relieved of some of its difficulties in raising adequate funds for the construction of railways.

"I have mentioned some possible means of preventing an undue restriction of our capital expenditure on railways in the future: and there may be others. I do not wish to commit myself to advocate the adoption of any of them. But I can say this, that the Government of India will give the matter their early and careful consideration.

"Since I assumed charge of my present office the most important and most urgent question that I have had to deal with has been the deficiency of rolling stock on Indian railways. The Hon'ble Mr. Apcar has today given forcible expression to the general feeling of the public on this subject, and I have no fault to find with the accuracy of his description of the situation. I have received verbally and in writing complaints on the subject from Calcutta, Bombay, and Madras. These representations and the information supplied by the Railway Board leave no room for doubt that there is a serious deficiency in rolling stock, not confined to any particular railway but on practically all railways. The Government of India fully recognise the gravity of the situation which the Hon'ble Mr. Apcar has portrayed. I will not take up the time of the Council by discussing the past causes of this deficiency, except to hazard the suggestion that it is very largely due to the fact that the prosperity of India and the increase in the traffic offering have been very much greater than was foreseen or could reasonably have been assumed in forecasting our future requirements. Neglecting the past, we may confine our attention to the present and the future. As to the present, unfortunately no full remedy is possible: rolling stock takes time to build, and all that can be done is to make full use of the existing stock. I have the assurance of the Railway Board that they and all the Railways concerned have in the last few months been doing and are now doing their utmost to mitigate the present inconvenience by removing any defects in the methods of working the traffic, and to see that the fullest possible use is being extracted from every wagon at their disposal.

"As to the future, the figures given in the Financial Statement show that the Government are taking steps to make good the deficiency in rolling stock. The provision under this head amounts to 568 lakhs. The corresponding amounts in recent years were:—

	Lakhs.
1903-1904	291
1904-1905	292
1905-1906	279
1906-1907	382

"The deficiency in rolling stock was recognised a year ago, and the grant was largely increased in the current year. It has been still further increased for next year. The Hon'ble Mr. Apcar has called attention to the statement of the Railway Board that the provision has met in full the demands of all railways for grants for rolling stock. Special efforts will be required on the part of the India Office to spend the whole of the grant, and no doubt they will be made: the Government of India have impressed on the Secretary of State the urgency of the demands.

"In order to reduce in future years the difficulty of obtaining within the year the rolling stock for which funds are provided, the Railway Board are taking a special step this year: a step which will meet with the approval of my friend Mr. Apcar, as it goes a considerable way in the direction which he has just recommended. The Secretary of State has provisionally sanctioned, subject to revision on financial grounds, a programme of railway capital expenditure of 15 crores in 1908-1909 and of 15 crores in 1909-1910. These figures include certain provision for rolling stock—474 lakhs in 1908-1909 and 368

[*Mr. Finlay; Sir Harvey Adamson.*]

in 1909-1910. The Railway Board have now addressed all the Railway Administrations, informing them of the amount provided in the triennial programme for rolling stock in 1908-1909 and 1909-1910, and have urged on them the necessity of preparing and obtaining sanction to estimates for the rolling stock required in those years, and of sending home indents as soon as possible. This will enable the India Office to make timely arrangements for placing the orders for supply in the two later years covered by the triennial programme. The same instructions will apply to purchases in India. For I may explain—and this has an important bearing on the Hon'ble Mr. Apcar's remarks regarding the encouragement of Engineering firms in India—that in September 1905 the Railway Board issued instructions to the State Railways to call for tenders in India for the supply of 25 per cent. of any sanction for goods stock. I think the Hon'ble Member will admit that this is as great an assurance of steady employment as it would be proper for the Government to give. In addition to orders for goods stock, large and important orders are given to firms in India for structural iron work and ferry plant by the administrations of both State and Companies' lines.

“The above remarks state what is being done to meet what may be termed the current demands of the railways, and to bring the stock of each railway up to its requirements. The Government of India, however, think that the situation demands a further measure of a special character, and they are proposing to the Secretary of State the formation of a central reserve of rolling stock to be at the disposal of the Railway Board for issue to any railway which may from time to time require its own stock to be temporarily supplemented.

“So much for what the Government is doing. Now, I have a suggestion to make to the various coal and other companies who have felt the stress of the shortage of wagons. Could they not take some share in the steps to prevent the recurrence of the grave inconvenience of the past few months? In England and Scotland it is the almost invariable practice of such companies to supply their own wagons: they do not depend entirely on the railways to meet their demands. Cannot Indian companies do likewise? There may be difficulties; but I can assure the various companies that if any of them are ready to supply rolling stock for their own use their proposals will be welcomed by the Railway Board and the Government of India, and that reasonable conditions for the use of private wagons on railways will be agreed to.”

The Hon'ble SIR HARVEY ADAMSON said:—“My Lord, the Hon'ble Sir Steyning Edgerley has expressed his disappointment that the Government of India have not been able to move faster towards the Settlement figure for Police expenditure. The figure for the whole of India was 150 lakhs to be worked up to at the rate of 25 lakhs a year. In the first year the Government of India gave 50 lakhs instead of 25, and the yearly rate of 25 lakhs has been maintained and even exceeded since. Up to date the Bombay Government have received 9½ lakhs for recurring expenditure, a much greater sum than they have been able to spend on the purposes for which the grant was made. In consequence of this inability they diverted part of it to the building of the Central Police Training School, an object for which it was not originally intended. The Bombay Government have not been delayed in their reorganization schemes owing to references to the Secretary of State. The superior establishment was sanctioned with retrospective effect, and though the Subordinate Police scheme, owing to a further reference has not yet been despatched to the Secretary of State, the Government of Bombay have been allowed to bring part of the scheme into operation. I may add that it is, of course, the case that the balances of previous years are available for future expenditure. It is quite true that it is desirable that the changes advocated by the Police Commission should be brought to completion at as early a date as possible, but I believe that the Hon'ble the Finance Member is moving as fast in this matter as his resources will reasonably permit him to do.

“The subject of decentralized administration referred to by the Hon'ble Sir Steyning Edgerley is already under the consideration of the Government of

[*Sir Harvey Adamson.*]

India. It is a big subject, and all that I can say at present is that the Hon'ble Member's valuable contribution will receive careful examination.

"With reference to the Hon'ble the Maharaja of Darbhanga's remarks on the subject of cleansing and beautifying Calcutta I am glad to announce that as the result of a conference held at Belvedere, at which I was present, there is every prospect of the scheme for the improvement of Calcutta soon coming to a successful issue.

"The Maharaja has referred to the question of the separation of Judicial and Executive functions. It is a few years now since Local Governments reported on the advantages and disadvantages of the proposal. I am afraid that it will be necessary to address Local Governments again on the question, not for the purpose of ascertaining what can be said for and against it, for that has already been fully discussed, but for the purpose of ascertaining what progress has been achieved during past years in separating the functions owing to the general effect that increase of work always exercises in the division of labour, and what still remains to be done in this direction. There can be no doubt that in many parts of India increase of work, both Executive and Judicial, has tended to a separation of the functions. In the meantime I may say, and I am only stating my own individual opinion formed on a perusal of the reports, that both the Maharaja and the gentlemen who were the authors of the memorial of a few years ago that opened the question are taking rather too serious a view of the present position, and that their arguments refer to a time when the District Magistrate was also the Police Superintendent of the district rather than to the present time when the District Magistrate seldom tries a criminal case and rarely takes part in the investigation of a crime. The District Magistrate who combines in his own person the duties of thief catcher, prosecutor and judge does not exist in India, and has not existed for the past half-century. Still I am not prepared to say that the present footing is in all respects a satisfactory one. I hope that the question will be brought to a solution before the return of the Government to Calcutta.

"The Hon'ble the Nawab of Dacca has referred to the present condition of political feeling in India and to the license of a section of the Press. I say without fear of contradiction that there is no country in the world in which the Press enjoys greater liberty than in India. It has from time immemorial been the policy of Government to refrain from putting the law in motion against the Press except in the extremest of cases. It is unfortunately only too true that in recent years, in the tension of political feeling, a section of the Press has stooped to scarcely veiled sedition. It is a matter that has seriously attracted the attention of Government. I venture to commend its careful consideration to the Native leaders of political thought in India, in whose desire for an enlarged representation of Natives in the administration of the country I can cordially sympathise, and whose loyalty to the British Crown I have never doubted. In particular I would draw their attention to the disastrous influence that a section of the Press exercises upon higher education. It is no light matter that the rising generation of students, to whom, when they are grown up, a large share in the administration of the country will be entrusted, should be taught by their daily reading during their most impressionable years to resent discipline, to contemn authority, and to hate the Government to which the destinies of India have been committed.

"I should have been glad to reply to the remarks made by other Hon'ble Members on matters that concern the Home Department. But in a Department which embraces thousands of subjects it is obviously necessary that a Member of the Executive Government should have at least a day's notice of the subjects that are to be criticised before he can be in a position to answer the criticisms with the authority that attaches to his position in the Government of India. I hope, therefore, that Hon'ble Members will excuse me from replying to criticisms of which I have had no notice.

"But I cannot pass in silence the concluding portion of the Hon'ble Mr. Gokhale's speech, in which he represents the Indian Civil Service as a caste whose only aim is to retain a monopoly of power for themselves. The

[*Sir Harvey Adamson.*]

Hon'ble Member forgets that the Indian Civil Service is the custodian of the interests of the three hundred millions who inhabit India, and not merely of the small party of perhaps a few millions of whom he is the spokesman. The Hon'ble Member in his tours through India has formulated his demand, namely, self-government for India on the lines of a self-governing colony. We all may be allowed to look forward to the day, far distant, when education will have permeated through India, when the hundreds of races that inhabit it will have attained some measure of homogeneousness, and when such form of administration may be feasible; but to set up that type of government at the present day as a plank of practical politics is as illogical and absurd as it would be for a teacher to instruct a pupil in the differential calculus immediately after he had mastered the principles of simple addition. If the Indian Civil Service allowed themselves in the present conditions of India to countenance such fads as this, they would indeed be worthy of even greater denunciation than they have received from the Hon'ble Member.

"I will now refer to one or two subjects which may be of some interest to the public. The first of these is the revision of the Imperial Gazetteer.

"In August 1900, when the preliminary operations were being undertaken in connection with the Census of 1901, the Government of India decided to take advantage of the special facilities which these offered for the effective and cheap revision of the Imperial Gazetteer of India through the agency of the provincial superintendents of the Census. These officers had been selected with an eye to their literary aptitude and would, it was thought, on the completion of the Census, be well equipped with material for compiling articles dealing with provinces, states, districts, large cities, etc. The proposal to carry out the scheme of revision on these lines was accepted by the Secretary of State. Under the general plan of revision Mr. J. S. Cotton was selected by the Secretary of State as the English Editor and Sir Herbert Risley was appointed as the Indian Editor, but, owing to the latter's selection in September 1902 as Home Secretary, Mr. W. S. Meyer was appointed Editor for India; and on the latter's appointment to be Finance Secretary, Mr. R. Burn, then provincial superintendent in the United Provinces, was entrusted, in February 1905, with the work. The result of the entire operations will be as follows:—

There will be issued in the first place the new Imperial Gazetteer embracing

(a) four volumes on India as a whole, dealing respectively with descriptive, historical, economic and administrative matter: (b) twenty volumes containing, in a general alphabetical arrangement for all India, articles on provinces, states, mountains, rivers, districts, towns, etc., and (c) a concluding index volume for the whole work. The four India Volumes, while forming a component part of the Imperial Gazetteer, will also be issued separately as the Indian Empire series, and each volume will have its own index. In addition there will be the provincial gazetteer, which will be a collection for each British province and Native State of the articles relating thereto which are scattered through the volumes of the Imperial Gazetteer. These articles will be brought together for each province, and the whole series will consist of twenty-five volumes, each volume containing a full table of contents and a separate index. Finally there will be a district gazetteer series, comprising two separate volumes for each district, *viz.*, a main volume containing descriptive matter, and a subsidiary volume giving the more important district statistics. It is also proposed to issue a special atlas in connection with the Imperial Gazetteer. The atlas will consist of 64 plates or separate sheets: and a folding map of India will also be inserted in a pocket in each of the volumes of the Indian Empire series. The work of printing the Imperial and provincial gazetteers has been entrusted to the Clarendon Press, Oxford, but while the former will be published in England the latter will be published in India. The work in connection with the atlas has been entrusted to Mr. J. G.

[*Sir Harvey Adamson.*]

Bartholomew. Volumes I, III and IV of the Indian Empire series will be published very shortly.

"I will next briefly relate the progress that has been made in the reorganisation of the police.

"The reorganisation of the *superior* police establishment for all provinces received sanction during the year 1905 and effect is now being given to the reforms. Sanction has also been received to the entertainment of *deputy superintendents*. The complete reorganisation of the *subordinate* grades of the *district* police has been sanctioned in Bengal, the Punjab, Eastern Bengal and Assam, the Central Provinces, and Coorg. The scheme for the revision of the Burma subordinate police has recently been submitted to the Secretary of State: that for the United Provinces is about to be submitted. Final proposals on certain branches of the subject are still awaited from Madras and Bombay. Meantime sanction has been accorded to the carrying out of immediately necessary reforms on lines suggested by the Government of India. Proposals for the reorganisation of the city police in Calcutta, Madras, and Rangoon have been sanctioned by the Secretary of State. The revision of the similar force in Bombay has been deferred at the request of the Local Government. Proposals for the revision of the railway police in Bengal, the Punjab, Eastern Bengal and Assam, and the Central Provinces were included in the schemes for the revision of the subordinate police of those provinces and have been sanctioned. The Burma general proposals (like the United Provinces general proposals) also include the railway police. The Bombay proposals and the Madras proposals are now under consideration. Proposals are still awaited from the North-West Frontier Province. A sum of Rs. 50 lakhs of rupees was allotted during 1905-06. A grant of 25 lakhs of rupees was made during the year 1906-07, and for 1907-08 a further grant has been made of 30½ lakhs of rupees for the furthering of such reforms as have already been sanctioned.

"It may interest my Hon'ble Colleagues and the public to hear what progress has been made in the scheme for the endowment of a Research Institute for India, which owes its origin to the munificent liberality of the late Mr. Jamssetjee Nasserwanjee Tata. The last information communicated to the public was contained in the Bombay Government Resolution No. 431, dated the 8th March 1905. As related in the papers then published, the Government of India accepted Mr. Lowndes' valuation of the endowment properties, agreed to the proposals regarding the guarantee fund, and consented to make an annual grant to the Institute of a sum equal to one-half of the local assets, subject to a maximum of ₹1,50,000, and to make an initial grant of ₹2,50,000 towards the construction of the necessary buildings and the provision of scientific apparatus. They also agreed that the administration both of the endowment property and of the Institute itself should be carried out by a scheme under the Charitable Endowments Act providing for the vesting of the endowment property in the Treasurer of Charitable Endowments, and the formation of a Council in which would be vested the general administration of the Trust, the management of the property, and the executive administration of the Institute. Such being the accepted arrangements, the Messrs. Tata were asked to submit an application under section 4 of the Charitable Endowments Act embracing the whole scheme. This they did through their solicitors, Messrs. Ardesir Hormasji Dinshaw & Co., on the 6th June 1906. The scheme was necessarily one of exceptional intricacy and it required careful and detailed consideration.

"Some months before this scheme was submitted to them the Government of India had, at the request of the Messrs. Tata, moved the Secretary of State to enlist the assistance of the Royal Society in nominating a Director for the Institute in the hope that this would materially facilitate the settlement of the remaining details of the project, and would afford a definite guarantee of progress. Dr. Morris W. Travers, F.R.S., Professor of Chemistry at the University College, Bristol, was selected for the appointment, and arrived in India about the middle of November last. Since then he has been engaged in revising the scheme for the Institute in consultation with the Government of India and the representatives of the Messrs. Tata, and his assistance has been of the utmost

[*Sir Harvey Adamson ; Major General Scott.*]

value in working out the numerous points which called for decision. There are now good grounds for hoping that at no distant date the Indian Institute of Science, planned by the foresight and philanthropy of the late Mr. Tata and promoted by the generosity of the Mysore State, will pass beyond the stage of preliminary discussion, which has lasted so long, that a suitable governing body will be organized, and that the actual construction and equipment of the buildings at Bangalore will be commenced. The funds available for this purpose consist of ₹5,00,000 from the Mysore State and ₹2,50,000 from the Government of India, in all ₹7,50,000 for objects estimated to cost ₹6,57,000. For the working expenses of the Institute there will be available ₹1,25,000 derived from the endowment property, grants-in-aid of ₹50,000 from the Mysore State, and ₹87,500 from the Government of India, making up a working income of ₹2,62,500 as compared with ₹1,75,000 mentioned by Sir William Ramsay in his report of 1900 as the minimum sum required for an adequate commencement. With an assured income of this amount it is believed that the governing body will be in a position to procure the most competent teachers, to retain their services for long periods, and to found research scholarships for the encouragement of students. They will in fact be able to carry on their operations on a scale commensurate with the high aims which the founder of the endowment had in view. While sympathising cordially with these aims the Government of India have no desire to associate themselves directly with the actual administration of the Institute or to claim a determining voice in the settlement of the lines of research to be followed or the methods of instruction to be employed. They realise that the results of the experiment that is now about to be tried will depend mainly upon the character and energy of those who come forward to take advantage of the facilities for advanced study which it will offer. They are anxious not to interfere with the free growth of whatever forms of intellectual activity and economic enterprise the Institute may encourage or create, and they will therefore confine themselves strictly to exercising no more than that degree of influence and control which is justified, and indeed rendered obligatory, by the grant-in-aid which they are giving from public funds."

The Hon'ble MAJOR-GENERAL SCOTT said :—"My Lord, the majority of the important measures with which the Department of Military Supply is concerned have already been referred to in the Military Finance Secretary's memorandum, which will be found embodied in the Hon'ble Finance Member's statement. I do not propose therefore to take up the Council's valuable time by repeating information which is already at their disposal, but merely to invite attention to one or two matters which may be of general interest.

"In regard to the delay in manufacture which has occurred in some of the ordnance factories, I should like to mention that this is mainly due to the scarcity of trained labour, the demand for which has become very great all over India owing to the increasing number of mills, factories, and other works which are being installed. The country has doubtless every reason to be gratified at the general prosperity which this demand for skilled labour indicates, but at the same time the scarcity causes considerable inconvenience to superintendents and managers, and it is recognised that every endeavour must be made to attract labour by providing suitable accommodation and healthy surroundings for the native workman.

"The explosions of cordite which occurred at Hyderabad (Sind) and Ferozepore have demonstrated the importance of adopting a more rigid system of periodical expert inspection of this and other war stores, and Government will shortly consider proposals which are being submitted by the Director General of Ordnance for the constitution of an expert Inspection Branch. He is also about to submit a scheme for the reorganization of the Ordnance Department generally, by which it is anticipated that a more complete decentralisation of factory and arsenal administration will be secured.

"In furtherance of the policy of Government to encourage private enterprise, it is intended in the future to obtain from private local manufacturers many articles of army clothing and ordnance equipment which have hitherto been

[Major General Scott; the Commander-in-Chief.]

made in Government factories, and with this object in view it has been decided to abandon the scheme for the permanent establishment of a third Army Clothing Factory at Fategarh.

"The Military Finance Secretary has dealt in his memorandum with the expenditure incurred in the Military Works Services, and I would merely observe that out of the fixed grant of 100 lakhs, approximately, only a small part is expended on new works of a comparatively minor character, the remainder being required to meet ordinary demands for establishment, maintenance of existing buildings, and the other items referred to in paragraph 13 of the memorandum.

"We have every reason to be satisfied with the progress which is being made with horse-breeding operations in the various districts to which stallions under the control of the Army Remount Department have been allotted. The selected young stock resulting therefrom will eventually prove a valuable source of supply for army remounts.

"The operations in connection with the establishment of stud farms at Ahmednagar and Mona with the object of preserving the pure Eastern breeds of horses, and of providing pure bred animals which will be fit for use as Imperial stallions, have so far been very successful. This and the establishment of young stock depôts and runs are the direct outcome of the recommendations of the Horse-Breeding Commission.

"During the past year marine survey work was carried out in the Persian Gulf and on the Burma coast, and in the archipelago to the eastward of the Middle Andaman Islands. One of the vessels was subsequently detailed for special work in the neighbourhood of the pearl banks near Mergui and Tavoy."

His Excellency THE COMMANDER-IN-CHIEF said:—"My Lord, as Your Excellency said at the last Budget debate:—

'The price paid for an army is the premium paid for the insurance of the country. The huge armies of modern nations are not due either to any tendency to over-insure, or to the promptings of mere military ambition. They exist in the first place for the maintenance of peace, because nations must know that on their armed strength depends their immunity from attack. No nation can hope to be great and prosperous without being strong amongst its fellows. Its wealth, the welfare of its people, its commerce, its investments, its interior development, depend on its security from hostile pressure—a security guaranteed only by the efficiency of its military forces.'

"Those words, my Lord, rightly define the principles of our military policy in India. Our arrangements are made to maintain the security of this country and its teeming millions of inhabitants, whom we have undertaken to protect, and for whom we are determined to ensure tranquillity in their homes. Our policy is, therefore, a purely defensive one, for it is most unlikely that we shall ever attack any other Power, or, indeed undertake any military operations, unless the necessity is forced upon us through aggression, or acts which compel us to defend what we hold.

"But whilst it is our duty to maintain adequate forces for the defence of this country, it is equally our duty to see that we obtain the best value for our money. As I pointed out last year, we are seeking to make the best use of the means at our disposal, by overhauling the machinery and reorganising our existing materials; and I can fully understand the interest that has been taken by the public (as Mr. Gokhale has shown today) in the Redistribution Scheme that is one of the projects on which we are now engaged.

"I have seen it stated that we intend to place a large portion of the Indian forces on the North-West Frontier, whilst others seem to be under the impression that the troops are to be collected together in certain great cantonments. Neither of these statements are in any way accurate. The principles on which we have been working are totally different. The distribution of the Army in India, as it stood before the present changes were introduced, has hardly seen any practical improvement since the days of the Mutiny. The Military areas into which the country has hitherto been

[The Commander-in-Chief.]

sub-divided have been mere geographical divisions of varied extent, with a different number of troops in each. They were not such that peace formations were in any degree adapted to the requirements of war. The troops for the various Brigades and Divisions of the field army had to be drawn from widely separated localities, and from different Commands. They could not be trained together in the tactical formations in which they would be employed in the field, and the numerous administrative details, on which every army must depend for its success and very existence, were extremely complex and unsatisfactory.

"These are some of the reasons, my Lord, which rendered it necessary for us to examine the disposition of our forces, and try to remedy some of the most glaring defects.

"We have been attempting to form Divisions self-contained in all respects—not only ready and able to take the field themselves, but also to leave behind, when mobilised, sufficient troops to provide adequately for order and tranquillity in the areas from which they are drawn on mobilisation. It has also been necessary to establish these Divisions on the main lines of railway, in such a manner that they can be transported rapidly when required. For this purpose it is manifestly unnecessary and inadvisable to locate the army on the North-West Frontier. The Divisions will be established 'en echelon' one behind the other on our various railway lines, so that we carry out the principle of conveniently dispersing our troops in peace whilst providing for their rapid concentration in war. It must not be forgotten that distance is a factor of comparatively minor importance in the railway concentration of troops for war. Every one knows that for the successful conduct of military operations many other things are needed besides the actual troops. Stores, food and ammunition have to be supplied; transport collected; remounts arranged for; and numerous other details, such as hospitals, field parks, etc., have to be provided. All these have to be delivered at the various bases of operations—that is, they require 'train-power'; and, however excellent our train service may be, it requires most careful consideration and organisation to enable all requirements to be delivered in a moderate time. It is, therefore, essential that we should so distribute our forces and material in time of peace as to enable a thoroughly equipped army to pass rapidly into a state of war, when required, without unnecessary dislocation and confusion.

"I have already referred to the provision of the necessary internal garrisons that have to be left behind for political purposes when our Army takes the field. Besides these there are two other important considerations which have to be provided for in any scheme of redistribution. These are health and training. We want to move the troops from unhealthy stations, or where they are scattered in isolated detachments, and are no longer required for political or military purposes, and place them in more healthy localities where they can be of greater value in the general scheme of defence. In order to make the best use of our existing material it is not only necessary that we should do all in our power to mitigate climatic effects as far as possible, but it is of equal importance that we should distribute our available forces so as to secure their efficient training in fighting formations in time of peace.

"The ideal would be to have the Brigades organised in peace time in the formations in which they would take the field in time of war—each commanded and trained under its own Brigadier. But this ideal is not entirely obtainable. It is, however, practicable to arrive at an organization and distribution which will meet the essential requirements of the case, enabling the troops to be highly trained on a divisional basis in tactical formations in peace time, and pass rapidly into their war organisation when war occurs.

"These are the main principles of the scheme. It is not one which has been accepted without the most prolonged consideration of all the numerous and complex conditions involved; nor can it be carried to completion for some time, as each step has to be carefully considered in the fullest detail. In every instance sites have to be examined and surveyed; medical conditions have to be reported upon; the water-supply, cost of labour and building materials, facil-

[*The Commander-in-Chief.*]

ities for training, questions of forage and rations, and numerous other considerations must necessarily be examined. It is obvious, therefore, that the matter is one which will take some time to complete. But if carried systematically to a conclusion, we shall be able to deploy approximately double our former strength in half the time—which appears to be worth a moderate expenditure simply in the form of an insurance. Of course it must be understood that the redistribution of the troops costs only a small proportion of the total grant that has been authorised for the redistribution of the army and its reorganisation on a divisional basis.

“ Closely connected with the training and organisation of the troops themselves, is the equally important subject of staff organisation and training, for however efficient the regimental officers and men may be, however brave and devoted—and we can confidently pay that tribute to the magnificent material of which the Army in India is composed—they can only be heavily handicapped if the staff work fails or is found wanting. We have been trying, therefore, not only to improve our staff organisation by an improved distribution of duties; but, by the establishment of the Indian Staff College, we hope gradually to obtain a large body of highly trained staff officers who will be of the greatest value both for peace preparation and in the ordeal of war.

“ Several little difficulties had to be faced at first; but they have all been satisfactorily disposed of, and the new buildings at Quetta will be ready in time for the College to be transferred there next term, where they will have the best possible facilities for learning their important duties, both theoretically and in a thoroughly practical manner. With the permission of the Secretary of State and the courteous assistance of our gallant allies, the Japanese, we are arranging to send a party of these young Staff Officers to Manchuria, where they will be able to study on the ground the course of those recent great military operations and learn the many remarkable lessons which that campaign disclosed. Their tour will, I feel sure, have the best results, and be well worth the small expenditure incurred on their passages.

“ At the Budget debate last year I said that I felt sure my Hon'ble Colleagues do not consider the sepoy overpaid—indeed, having regard to the increased cost of living, I should be somewhat surprised if they did not think the converse to be more correct. Whilst systematically proceeding with our schemes for the general improvement of the Army and its preparedness for war, we have therefore been also considering how we can ameliorate the conditions of the troops themselves within the means at our disposal. The kit money of Native troops is being raised from Rs. 30 to Rs. 60, which will give each man a free kit, instead of his having to pay a large part of the cost himself; a boot allowance will also be given to all unmounted combatants; free passages will be granted to a certain number of native soldiers proceeding to their homes on leave; and revised pension rules for the Native Army have been recommended to the Secretary of State. All these measures will be of great assistance to the native ranks, and will, it is hoped, have a beneficial effect.

“ The British officers, also, have not been forgotten. A revised scale of travelling allowances for all officers has been introduced, which will prevent their being subjected to pecuniary loss, as has frequently been the case hitherto when transferred or ordered on out-station duties. The question of the pay of the British officers of the Indian Army is now under consideration, and I hope that before long it may be found possible to do something to improve the position of the junior ranks.

“ My Lord, I am sure we all fully realise that there is no finality in military arrangements. It is an unfortunate necessity that our measures of defence must be periodically revised, in order to keep pace with the progress of other nations and the improvements in their armaments if we intend to maintain our high position in the world. An army is an extremely complicated machine, which becomes more and more complex as new inventions are produced and requires constant overhauling, not only to ensure that each part is thoroughly sound, efficient and suited for its intended purpose, but that all that is not proved to be really

[*The Commander-in-Chief; The Lieutenant-Governor; Mr. Baker.*]

necessary shall be rejected and got rid of. By carefully observing the latter precaution, the cost of essential improvements may be largely counterbalanced by savings effected in other directions; and, if these principles are constantly adhered to, I feel sure that any increased expenditure anticipated from our schemes of re-organisation will be greatly reduced by a sound system of economical administration in the Army."

His Honour THE LIEUTENANT-GOVERNOR said:—"My Lord, I congratulate Your Excellency's Government and my Hon'ble friend Mr. Baker on the favourable and exceedingly lucid Financial Statement which he has been able to submit, and on the cordial and appreciative reception with which it has met. I think it is only necessary for me to say generally that I find myself in full accord with the remarks which fell from my Hon'ble friend at the last meeting of this Council, in regard to all the important features of the budget. I may be permitted to state, in regard to one important subject which is receiving the earnest attention of the Government of India, that I recognise with great pleasure the spirit, at once sober and sympathetic, in which questions affecting Opium revenue and cultivation are being approached.

"Passing to matters affecting the Province of Bengal, I desire especially to express the feeling of satisfaction and gratitude with which the arrangement for meeting expenditure on famine relief has been received. The arrangement seems to me to have been very carefully considered in view of all the circumstances of the case. The immediate result, so far as the Province of Bengal is concerned, is that we shall be relieved of our famine expenditure next year. We can only regret that this considerate measure had not been conceived a year earlier; but of this we cannot complain.

"I desire also to say that the fixed assignment to Bengal seems to me satisfactory, and to acknowledge the fair share of the grants for Police reforms which has fallen to the Province.

"In common with the rest of India, we hail the decision to reduce the salt-duties and the postal rates with great satisfaction. We are also gratified with the practical assurance given in the Financial Statement, that the question of free primary education is receiving careful and sympathetic consideration, and that, although no provision has been made for it in the Budget, Government is prepared to carry into effect at once, even in the course of the next financial year, any suitable scheme that may be adopted."

The Hon'ble MR. BAKER said:—"My Lord, with one exception, I mean the provision of funds for railways, the present Budget has on the whole been favourably received both in this Council and by the public. With reference to the latter, as represented by the Press, I have been struck by the comparative indifference that has been displayed in some quarters towards the reduction of the salt-tax. Some of our friends in the Press seem almost to regard this measure as of less interest and importance than the lowering of postal charges. I do not at all suppose that they really mean to imply anything of the kind; but, in any case, the comparatively languid approval extended to this reduction is in marked contrast to the vigorous appreciation with which the first reduction was received in 1903. It would be possible to draw the inference that the salt-tax at its present, or even at its recent, rate is so low as not to be felt as an appreciable burden, and that its reduction is no longer a matter of pressing consequence to any one. There may be something in this, and the present incidence of the tax is unquestionably very low; but I suspect that the true explanation is quite different. I believe the attitude of the Press means nothing more than that reduction of the salt-tax, now thrice repeated, no longer possesses the virtue of novelty, and has ceased to impress the imagination of the journalist. This view derives some colour from the comments made by most of the Hon'ble Members in Council to-day. They have left us in no doubt as to the way in which they regard the measure. Their view seems to me by far the juster and sounder of the two; and I venture to think that if we had adopted a course which I have seen hinted at in one

[*Mr. Baker.*]

newspaper, and instead of reducing the duty had spent the money on new railway construction, the observations of most Hon'ble Members would have been very different from those which we have heard to-day.

"The Hon'ble Dr. Rashbehary Ghose and the Maharaja of Darbhanga and I think also Mr. Gokhale go so far as to ask for the entire repeal of the salt-duty altogether. These gentlemen are entitled, if they please, to claim the high authority of the present Secretary of State as an adherent of their view. I would, however, remind the Hon'ble Members that on the occasion to which I allude Mr. Morley offered the salutary advice that we should do well to accept the half-loaf which is better than no bread.

"The Hon'ble and learned Doctor has put forward the highly interesting suggestion that in place of the salt-tax we should impose a succession-duty on the estates of deceased Hindus and Muhammadans. This is the second time that a similar proposal has been made in this Council, for it was advocated some ten years ago by the late Sir Griffith Evans. Independently of this it has been considered by Government on at least three separate occasions, once at the instance of Sir Henry Maine, once on the initiative of Sir Edward Law, and again more recently on a limited scale in connection with the Calcutta Improvement Scheme. On all these occasions the verdict was that though possible on paper it was unworkable in practice. The Hon'ble Member will doubtless note that this justifies his reference to Noodle's celebrated oration. The difficulties anticipated arose mainly, though not entirely, out of the Hindu joint family system. Personally I have never felt very confident on the matter, and it is significant that the project should now have again been raised by a distinguished member of the Bar who is himself a Hindu. I will merely say that if the Hon'ble Member is desirous of assisting us to elucidate the matter, we shall be very pleased to discuss it with him in Simla; though whether the proceeds of the proposed duty would be applied for the purpose he has suggested is quite another question, and one on which I can give no assurance whatever.

"The Hon'ble Member has devoted a great part of his powerful speech to the advocacy of a measure on which he justly claims, as a lawyer, the right to speak, *vis.*, the separation of judicial and executive functions. Now, on the merits of this proposal, it would be quite out of place for me to say anything on this occasion. I have my own opinions—they are on record elsewhere—and they will be brought forward at the proper time. But when the Hon'ble Member advocates it on the score of economy, and on the ground that it will directly save money to the State, then I must assure him that to the best of my knowledge and belief he is merely deceiving himself. The Maharaja of Darbhanga seems to me to take a sounder and more cautious view. I have seen Mr. Dutt's scheme, and I have also seen more than one variant of it; and so far as I am able to judge, not one of them could possibly be carried out without an increase of expenditure. I do not say that the cost would be greater than we could afford, or that the representatives of the tax-payers would not be willing to accept it. Neither do I suggest that if the measure is right in itself we should be deterred from adopting it by reason of its cost. But I do affirm that in itself this measure is not a measure of economy, and that it spells greater expenditure and not less.

"The Hon'ble Tikka Sahib of Nabha has urged the formation of a strong reserve for the Native Army. The Hon'ble Member will, I think, be interested to learn that the strengthening of the present reserve (for a small reserve already exists) is a matter to which His Excellency the Commander-in-Chief has devoted much attention, and it has for some years past been included in the list of measures to which the grant for special military expenditure is applied. It is hoped eventually to raise the strength of the reserve to 50,000 men, and though we are still a long way short of this—we have between 29,000 and 30,000 men—still a good beginning has been made.

"The Hon'ble Mr. Reynolds, while welcoming the new scheme for adjusting Provincial Expenditure on famine relief, is of opinion that the maximum

[*Mr. Baker.*]

limit of 30 lakhs proposed for the United Provinces is insufficient. The Hon'ble Mr. Sim expresses the same view in regard to the assignment of 25 lakhs for Madras. I have explained in the Financial Statement the way in which these various maxima were fixed. I admit, however, that the precise figures are empirical, and if we find in practice that they are unsuitable, we shall not hesitate to revise them.

"Both Mr. Reynolds and the Hon'ble Munshi Madho Lal have renewed the appeal made by the Hon'ble Rai Sri Ram Bahadur and Mr. Porter last year for additional assistance to the United Provinces. I readily admit that the wants of this Province are many, and also that the terms of its present settlement are less favourable than those of settlements made more recently with other Provinces. Still, I hardly think the Local Government is quite so badly off as the Hon'ble Members paint it. It should be remembered that we have just reimbursed Provincial finances the considerable sum of 28.35 lakhs which they had spent on famine relief. We have also made over to them Rs. 9,80,000, which was the balance of the Patwari fund, and is available for general provincial expenditure. Including these windfalls, the Province starts the new year with a cash balance to its credit of over 62 lakhs, and it only proposes to draw upon this by a little less than 5 lakhs in the course of the year. The proposed outlay on public works is greater than that of any Province except Burma, Bengal, and Bombay, and its educational budget, though it may be as small in proportion to population as Mr. Reynolds asserts, is nevertheless greater than that of any Province except Bengal, Bombay, and Madras. In these circumstances, I hardly think it can fairly be regarded as being in serious financial straits.

"However, I have a crumb of comfort for the Hon'ble Members. Last year I threw out a hint that we might possibly undertake the revision of the settlement before long. During the past year I have had some discussion with Sir John Hewett on the subject, and it was agreed between us that this should be taken up during the ensuing year. I shall then take care to see that the new settlement incorporates all the latest improvements, and is framed on the most liberal scale which the state of our finances will permit. It is also our intention to revise the settlement with Madras, if the Local Government desires it. It is true that Madras is extremely well-off at present, having an opening cash balance of 103 lakhs of rupees—larger than that of any province except Burma. But the settlement is one of the older ones, and is less favourable than those made more recently, and we desire to place all Provinces as far as possible on equal terms.

"The Hon'ble Munshi Madho Lal has evidently formed a magnificent conception of the obligations of the British bridegroom towards his Indian bride. His princely dream of a grant of 50 millions a year from the British treasury, even for a few years only, opens up an alluring prospect to us who are responsible for Indian finances. But I fear the suggestion is likely to meet with a chilling response from the House of Commons and the Chancellor of the Exchequer.

"I am sorry that the Hon'ble Mr. Hall thinks that the Settlement recently made with Burma is not sufficiently liberal. We recently received a representation from the Local Government to the same effect, and the terms were again fully considered, with the result of confirming us in our view that the settlement is not only fair but generous. I am not prepared to admit that the cost of all public works in Burma is or ought to be double that of similar works in India; but even if that were conceded, I would observe that no other Province in India has received a larger standard assignment for this purpose than 45 lakhs—and only one has received so much. The standard of 80 lakhs allotted to Burma in our judgment is quite adequate. But if the Local Government wishes to spend more, it has ample funds for the purpose, and it has in fact provided for a grant of more than 100 lakhs during the ensuing year.

"I am quite unable to follow the Hon'ble Member's argument that the export-duty on rice entitles Burma to compensation. If this duty does tend to keep down the land-revenue, which is open to argument, this effect is already allowed for in full in the estimate of land-revenue assumed as the

[*Mr. Baker.*]

standard. The Hon'ble Member does not allude to the fact that Burma oil is admitted into India free of duty, and that our Customs receipts are suffering in consequence. I do not propose to make any claim on Burma for compensation on that account.

“In the interesting and suggestive speech of Sir S. Edgerley a number of questions have been raised, some of which will no doubt engage our attention during the summer. I am glad that he, in common with every Member who has referred to the subject today, approves of the new arrangement for the adjustment of famine relief charges. I do not, however, quite understand his regret that we have not moved faster in regard to police reform. As Sir Harvey Adamson has explained, it was contemplated from the outset that we should work up to the full charge of 150 lakhs in 6 years, at the rate of 25 lakhs a year: and as a fact, we have gone rather faster than this. The reason why the additional grants to Bombay and Madras for 1907-1908 are somewhat small is that those Governments have so far failed to spend the grants already allotted to them. I have every reason to believe that, within the next two years, grants will be made which will enable each Local Government to work up to its final settlement figure; and perhaps this assurance will encourage the Bombay Government to use part of its exceedingly large cash balances in pushing on with the schemes it has in hand.

“As regards the debts of the Thana circles in Kathiawar and Guzerat, the position is one of considerable difficulty. It seems unfortunately to be clear that some of these petty estates are absolutely unable to meet the cost of protecting their own people from famine. Where that is the case, there seems no option but to accept the liability as a charge against Indian revenues. But such a result is neither just nor logical, and before it can be admitted we must make very sure, in justice to the general tax-payer, that it is really impossible to recover the whole or part of the charge from the proprietors.

“I am in cordial agreement with the Hon'ble Member in his desire for greater devolution of financial authority to Local Governments, and I am convinced that some such measure is essential if we are to effect a material reduction in the ever-growing mass of official business. I may take this opportunity to mention that we have recently addressed the Secretary of State, in the hope of obtaining an extension of our own financial powers, and if our proposals are sanctioned, it is our intention to pass on a corresponding increase of power to Local Governments. I do not however feel particularly drawn towards one specific proposal put forward by the Hon'ble Member. I can well believe that the condonation of financial irregularities is a matter of greater importance in some provinces than in others. If the Hon'ble Member considers that the mass of business in the Bombay Secretariat would be greatly reduced if they were no longer required to send up cases of infringement of financial rules, I shall certainly bow to his superior knowledge. But I have not observed that any other province has experienced the same necessity; and I am disposed to think that most legitimate requirements are covered by the powers embodied in Article 278A of the Civil Account Code which came into force a few years ago, and to which the Hon'ble Member has made no allusion.

“I have listened with great interest to the Hon'ble Member's suggestions for a broad and elastic measure of devolution—financial, administrative, and statutory—for its periodical examination by a Committee of this Council, and for the eventual formation of local Committees to be associated with Commissioners and heads of districts. These important and far-reaching proposals would require to be considered by the Government of India as a whole. Speaking for myself alone, I will merely say that I heartily concur in the principles underlying them, and if a workable scheme based thereon can be evolved, I do not doubt that it will tend to the unqualified advantage of the administration.

“The Hon'ble Nawab of Dacca and also Mr. Chitnavis have urged the claim of India to receive compensation from the British treasury for the possible loss of our opium-revenue, and has reminded us of the remarks made by the

[Mr. Baker.]

Secretary of State on this subject in the House of Commons. On the other hand the Hon'ble Mr. Gokhale has vigorously maintained an entirely contrary view. The Hon'ble Members may rest assured that this aspect of the question has not escaped our attention; but it is not one on which it would be appropriate for me to make any statement. Dr. Rashbehary Ghose has reminded us that threatened men live long, and he at least evidently has little expectation that the revenue will be lost at all.

"I have heard the Hon'ble Nawab's demand for an all-round increase in the numbers and pay of the public services with astonishment and something like dismay. I have now been connected with the Finance Department of the Government of India for five years continuously, and during the whole of that period I do not believe that a single day has passed on which I have not been called upon officially to assent to an increase of pay of some appointment or group of appointments, to the reorganization of some Department, or to an augmentation of their numbers. All experience proves that wherever revision is needed, either of strength or emoluments, the Local Governments and the Heads of Departments are only too ready in bringing it forward. Nor are the members of the various services at all backward in urging their own claims. I cannot in the least recognize the necessity for imparting an additional stimulus to this process. On the contrary, I believe that all that is necessary is continuously being done. In this view I welcome the remarks of the Hon'ble Saiyid Muhammad, though I am not very sanguine that the urgent needs of India will permit of any actual reduction.

"The Hon'ble Maharaja of Darbhanga has made some remarks regarding the food-grain supply of the country and the regulation of exports of grain. There is no doubt that prices have ruled very high during part of the past year and some inconvenience has been caused to certain classes of the population. I am not in a position to assign the cause of the rise, though some reasons have lately been suggested in reply to an interpellation in the Bengal Council, but at all events it is certainly not due to any increase in exports. The total exports of rice during 1906-07 are estimated at 37½ million cwt. compared with 43 millions last year and 49½ millions in the year before, and I have explained in the Financial Statement how considerably this has affected the receipts from the export-duty.

"I have seen it stated in the papers that a committee has been formed under the presidency of the Hon'ble Maharaja to consider the situation and, if possible, to devise measures to meet it. It will be of interest to see what comes of this movement, but personally I should hesitate to express a sanguine view. The price of rice, like that of other staples, is dependent on economic laws, and attempts to interfere with the operation of these are not likely to achieve much success. I think it probable that my Hon'ble friend will find, as a result of his enquiries, that the inconvenience which undoubtedly exists is confined to a comparatively limited number of people. For instance, it can scarcely extend to the agricultural classes, who form 80 per cent. of the whole population, and who must be gainers in the long run by the rise in value of what they produce. The principal sufferers are, I expect, the smaller salaried classes, the poorer *bhadra-lok* on fixed incomes. These are certainly deserving of sympathy and assistance, and if the Hon'ble Maharaja's Committee is able to devise any means of mitigating their difficulties, its labours will be deserving of encouragement. Until we see what the Maharaja's Committee elicits, I do not think that there is any occasion for a Government Committee of enquiry.

"The cost of the Army has, as usual, formed the subject of adverse comment. One Hon'ble Member has reminded us that, while a man in a small way of business may insure, yet a man with a great business often does not insure. The inference suggested seems to be that a small country might properly maintain a strong Army, but that a great country with worldwide interests should only keep up a small one or none at all. I would merely observe that no civilized country of modern times has ever acted on such

[*Mr. Baker.*]

as principle. The Army of India is not excessive for its area or population. It numbers less than 230,000 men, all told, which is barely one fighting-man per 1,000 of the population. Even the petty Kingdom of Belgium, whose population is under 7 millions, has an army whose peace strength is 50,000, equivalent to one per 140 of the population. It may be alleged that the cost of our Army is heavy in proportion to its numbers. I admit the fact: I regret it, and I would gladly see the cost reduced. But I will venture to assure the Council that, to the best of my knowledge and judgment, at no time with which I have personal acquaintance has India received better value for every penny she spends on her Army than she is receiving at the present time.

"I am not sure that I follow the Hon'ble Mr. Chitnavis's remarks regarding the loss which he apprehends results from our sterling loans. It is quite true that during the current year the sterling loan is likely to be raised at an exceptionally unfavourable rate. But even if it should be floated at so low a rate as 90, the true interest works out to only $3\frac{1}{2}$ per cent., whereas it will be seen from the Financial Statement that our Railways are now returning nearly $5\frac{1}{2}$ per cent., while our Irrigation Canals yield a still more favourable return.

"Neither do I understand the complaint that the Railway surplus is only 1 per cent. on the capital charge. It almost seems as if the Hon'ble Member had forgotten that this surplus of 2 millions sterling means the excess after deducting all charges for interest and for annuities for the purchase of Railways that have been brought under this system. This has frequently been pointed out on former occasions. Our Railways do not now impose any burden whatever on Indian revenues; but on the contrary afford considerable relief to the taxpayer. Why it should be suggested on financial grounds that we should hand them over to private enterprise I am unable to understand.

"There is much in Mr. Gokhale's speech which does not fall within my province to deal with. With many of his observations I am in hearty agreement, but I do not propose to refer to these matters at present, and shall confine my remarks to those points in which I have the misfortune to differ from him.

"The Hon'ble Member takes exception to my statement that the salt-tax is the only contribution towards the public expenditure which many of the people pay. I hardly think that the Hon'ble Member correctly quoted my remarks; I did not say that the tax was the only contribution which the poorer classes pay: that is quite a different matter. I must adhere to my view. I am happy to believe that there are many millions of people in India who do not contribute a penny towards the excise-revenue; and though Indians are often said to be litigious, yet every district officer knows how many there are who never enter a Law Court during their whole lives, and who are wholly innocent of any share in the revenue from stamps. Grazing dues and fees for firewood are payment for services rendered. It would be as unreasonable to regard them as a contribution to the State Exchequer as money spent on buying postage stamps or railway tickets. The case of land-revenue is different and more debatable, but the Hon'ble Member is doubtless aware that many authorities, including Sir Henry Fowler, hold that land-revenue in India is not taxation but rent, and it is in that view that my statement was made. When the Hon'ble Member mentions provincial rates, he must surely have forgotten that since the abolition of village service and famine cesses during the last two years, the only provincial rates that remain are those which appertain to local, and not to general revenues. Cotton Excise-duties I must admit that I forgot when making my statement: but as these amount only to 29 lakhs spread over a population of nearly 300 millions, the incidence works out to approximately one rupee among 100 of the population. I concede that point to the Hon'ble Member. As regards Customs, I well remember Sir Edward Law's statement; but he was then endeavouring to enumerate those of our imports which were imported for the benefit of the poorer classes, and it was in this view that he included such articles as railway material, machinery, and mill work. I am prepared to maintain that there are numbers of the people who do not contribute towards the Customs-duties, even indirectly. At the

[*Mr. Baker.*]

same time I am glad to believe that this state of things is slowly passing away with the growing spread of prosperity among the masses.

“ Mr. Gokhale is quite correct in saying that the present method of showing the charges for interest on Railway debt involves a minus entry on the expenditure side of the account. To have transferred this minus entry to the revenue side would not, I think, have been an improvement, and that is one reason why we have decided not to do so. But I am not satisfied that the existing method of exhibiting interest charges is altogether satisfactory, and the matter is receiving attention.

“ As regards the exclusion of local figures from our accounts, I may explain that the work involved is exceedingly laborious. It necessitates the detailed examination of the receipts and expenditure of many hundreds of local funds scattered all over India; in order to determine which items should properly be incorporated in general revenues, and which should be excluded altogether. This examination is being made, but it will take some time longer, and I am unable to say when it is likely to be completed. Moreover, as I intimated last year, it is impossible to predicate what view is likely to be taken of the measure if it is eventually submitted for the decision of the Secretary of State.

“ I am not at all sure, however, that this measure, if it should ultimately be adopted, will give the Hon'ble Member what he apparently requires. Our accounts do show the expenditure incurred under each head of charge, but they are not constructed to show the sources from which the expenditure is met, and, broadly speaking, they could not do so without being entirely recast, if at all. For instance, a large part of the so-called local expenditure is met from funds placed at the disposal of local bodies by Government, and does not represent expenditure from the proceeds of local taxation. If any one wishes to get more minute details, I think he will have to refer to the departmental reports.

“ The Hon'ble Member has renewed the criticism which he made last year on the disposal of our surpluses. He objects to their being spent on railway construction or applied to the reduction of non-productive debt; and he urges that they should be devoted to large schemes of water-supply or drainage to improve the health of the people.

“ I will not stop to observe that a great part of the surpluses of recent years has arisen from unexpectedly large receipts from opium and great development of our railway earnings and has involved no burden upon any one. It is quite true that during the last nine years we have been favoured with a succession of surpluses, some of which have been of large amount: and that during this period the process of transferring debt from the non-productive to the productive account has proceeded apace, perhaps more rapidly than is really required. But if we take a longer survey, the position is entirely altered. I have looked up the figures for the last 30 years, beginning with 1877-78. During this period, there have been 19 years of surplus, 10 years of deficit, and one year of practical equilibrium. If we deduct the aggregate deficits from the sum of the surpluses, we shall find that the net surplus for the whole period amounts to just over 31 crores, *i.e.*, it has averaged a trifle more than one crore per annum during the whole 30 years. I do not think it can be reasonably affirmed that that is an excessive sum to apply out of surplus revenue towards the reduction of our non-productive debt. If any one should argue that we are more concerned with the present than with the somewhat distant past, I would remind him that in 1896-97 the non-productive debt was increased by £162,000, that in the following year it was further increased by £2,195,000, and that in 1900-01 it was again increased by £2,713,000. This has all happened within the past 10 years, and it would be a rash thing to predict that it will never happen again. However, I do not wish to press this argument unduly. Having regard to the very moderate figure at which our non-productive debt now stands, I am disposed to think that an average annual reduction by one crore or perhaps a crore and a half is sufficient to pay it off within a reasonable time, and that so far as sinking fund operations are concerned we need not attempt to go faster,

[*Mr. Baker.*]

"That however is not all. We have to consider the matter from the standpoint of railway construction. The Hon'ble Member has referred to a suggestion which I made last year, and which my Hon'ble Colleague Mr. Finlay has mentioned today, to the effect that possibly future accretions to the Gold Standard Reserve might be used to provide adequate funds for financing the Railway programme. I certainly think myself that this is a promising resource. But there are two points to be considered in regard to it. In the first place, it will not become available until the invested portion of the Fund is considerably larger than it is now. At present the investments are a little less than 13 millions, and until the figure reaches 20 millions or such larger sum as may be found necessary, I do not think we should be justified in locking up future additions in a non liquid form. It will probably be several years before this limit is reached. The other consideration is of a different nature. The earnings of our Railways and Canals are received in rupees: and if we invest any part of the Gold Standard Reserve in them, we must expect to be told that we are placing the Fund on a silver basis instead of a gold one. I am myself disposed to think that after the Fund has reached a certain figure this might quite safely be accepted; but there can be no assurance that such a course would commend itself to the public or to the Secretary of State. Unless and until these two objects can be attained, *i.e.*, until we can provide adequate funds for productive public works, and can also reduce our non-productive debt by about a crore of rupees a year, I cannot agree that the proposals of the Hon'ble Member are a matter of practical politics. If we can arrange for them both, and still have a surplus, then I agree that we shall have to consider how to dispose of it. It must be spent and must not be hoarded; it may be that some of the objects to which he has referred may be selected. But even then I venture to doubt whether any really large scheme of sanitary reform can properly be financed from a series of fortuitous and fluctuating windfalls. Revenue surpluses are necessarily wanting in the essential feature of regularity and continuity: and if we relied on them to finance such measures as the Hon'ble Member advocates, we should speedily find him or his successors expressing the most lively dissatisfaction at the wasteful stoppage of work or curtailment of funds. If these measures are as urgent as the Hon'ble Member holds them to be—and I certainly do not dispute his contention—then the best prospect of getting them promptly accepted and continuously carried into effect is to get them placed on the regular Government programme and financed from current revenues in the ordinary way.

"The Hon'ble Member will excuse me if I decline his invitation to make an announcement of the intentions of Government as to the purposes and limits of the Gold Standard Reserve on the present occasion. I admit that the time is approaching when it will be necessary to consider whether any, and if so what, limit should be put on the amount of the invested portion, and this question we shall take up without delay. Until that has been done it would be premature, and possibly embarrassing, to make any public declaration of policy.

"I do not propose to notice further the remarks of Hon'ble Mr. Chitnavis regarding the Gold Standard Reserve. I think that, if he will take the trouble to study what was said in the Financial Statement both this year and on former occasions, he will find an answer to most of his questions and a full explanation both of the genesis of the fund and of the objects for which it was originally established.

"With regard to the provision of funds for Railway construction, I desire to associate myself with what has fallen from the Hon'ble Mr. Finlay and I will not go over again the ground he has traversed. In particular I entirely agree in his criticism of the suggestion, of which we often hear, that Railway finance should be separated from our general finance. I should like to add a few remarks on my own account on this subject. I suppose the idea is that if the requirements of Railways are treated as part of the loan requirements of the country as a whole, the Railway Administrations are hampered in some way in obtaining the full amounts they require. People perhaps argue to themselves

[*Mr. Baker.*]

somewhat as follows: a Railway Administration applies for half a million for rolling-stock. The Railway Board, however, replies that the total allotment for the Railway programme is only so much, and that the share which falls to the lot of the particular Administration for rolling stock is only £300,000. The Railway therefore gets £200,000 less than it wanted; and the inference is that if Railway borrowings were treated as a thing apart from our loans for other purposes, it would have got the full amount.

“I doubt whether there is any foundation for this inference, and my belief is that if the suggestion is followed up to the end, it will be found to resolve itself into the proposition that we ought to increase our borrowings for Railway construction, even though we may have to pay a higher rate for the money. That may be a perfectly legitimate conclusion, and even a necessary course of action. But it is an entirely different thing from the suggestion to separate Railway finance. The latter measure by itself would not, I believe, in any way tend to increase the sums available for Railway construction, and might even have the contrary effect.

“The essential thing to remember is that we cannot in any year raise on reasonable terms any larger amount than the market is able to supply. That is the final and ultimate limit on our borrowing, and it applies with exactly the same force whether we raise a single consolidated loan for all purposes, or whether we issue a separate loan for railways only and another one for other purposes. If we attempt to get more than this in the aggregate, the result will be either that we shall fail to get the full amount, or that we shall have to pay more for it.

“It is not possible to give priority to Railway loans. Apart from railways, the only objects for which we borrow are irrigation, war and famine. Irrigation may be left out of account for the present purpose, for the amount we ordinarily spend on it is only 125 or 150 lakhs a year, and this is covered, and usually more than covered, by the supplementary funds provided from non-loan sources as explained in paragraph 71 of the Financial Statement. There remain only war and famine. Manifestly, if we had a war or a famine on hand, and were unable to finance it from current revenue, we should be forced to borrow for it: and the need would be imperative and urgent, and must be given priority over the demands for railways. If, therefore, the market is only prepared to supply, let us say, 10 millions in a particular year on reasonable terms, and 8 millions are required for famine relief or for war, the latter demand must first be met in full, and there remains only 2 millions available for railways. The result is exactly the same whether we raise the Railway loan separately or amalgamate it with the other loans for famine or war.

“If it is supposed that better results would be obtained by enabling Railway Administrations to borrow for themselves, I would point out that we already do so to a large extent, and that actual experience shows that they constantly fail to obtain the funds they want. Thus in the current year three Railways proposed to raise an aggregate sum of 2½ millions for capital outlay. The market conditions, as is well known, were very unfavourable, and in the event the railways were unable to raise anything at all, and were forced to fall back on the Secretary of State for the funds they required. Similar results occur almost every year. In 1905-06 four railways desired to raise rather over 2½ millions, but they were only able to get less than 2 millions. In 1904-05 they wanted £2,900,000, but obtained only £2,417,000. In 1903-04, seven railways proposed to raise £3,178,000, but not one of them was able to get anything at all. I certainly make no reflection whatever on the action of the Railway Administrations concerned. On the contrary, I fully believe that they were well-advised in the course they adopted. The point I wish to press home is that by merely imposing the duty of raising capital for Railway development on private agencies, we do not seem at all likely to facilitate the provision of the funds required.

“It is manifest that what I have said by no means exhausts the subject. It would be an entire mistake to suppose that Government intends to assume

[Mr. Baker.]

a merely *non possumus* attitude in this matter. New railways must be built, and money must be found for them. As the mileage increases and traffic develops, more money must be provided for the equipment and expansion of open lines, and their requirements must continue to grow until they swallow up the whole and more than the whole sum which is available according to present standards. It follows of necessity that those standards must be raised. The practical question is to discover the best way of doing so. We are sometimes told that if we utilize properly the security of our splendid Railway property, we shall have no difficulty in obtaining as much money as we want. Those who offer this advice evidently contemplate that in issuing loans for Railway purposes, we should offer to investors not merely a fixed rate of interest but some share in the net earnings in addition. In other words, that in order to raise more money we should be prepared to pay more for it. This comes back to the proposition with which I started. Like my Hon'ble Colleague, I am not authorized to make any pronouncement on this subject. It is a serious question, for even though our railways as a whole are earning more than 5 per cent on the sum at charge, and we could certainly get what we want at a considerably lower figure, yet it by no means follows that this particular method is the most economical that can be devised. The idea of having recourse to future increments of the Gold Standard Reserve appears *prima facie* much more promising, but even here, as I have already indicated, the matter is not all plain sailing. In any case it is certain that India alone will not be able to provide the large sums required, and the question resolves itself into the most advantageous way of approaching the London money market, with which the advisers of the Secretary of State are naturally in much closer touch than we can be in this country. I will, therefore, merely say that, for our part, the matter is engaging our earnest attention, and that I am hopeful that a solution may be found without having recourse to any heroic measures.

"I am disposed to agree in the principle of Mr. Apcar's suggestion that Railway Administrations should be enabled to forecast their requirements beyond the limits of one budget, and to receive sanction to place orders for more than one year. As a matter of fact, existing arrangements do enable them to do this in practice to a far greater extent than the Hon'ble Member is apparently aware of; but I believe that more can be done.

"When a private company embarks on a large scheme in which the expenditure is to be spread over two or three years, they do not as a rule raise all the capital at once. They arrange to call it up from time to time as required. Something analogous to this ought to be possible in the case of our Railways, and possibly Mr. Finlay and myself may be able to devise a workable scheme before long.

"I fear that Mr. Apcar and I must agree to differ in regard to the limit of exemption from the income-tax. I wonder whether my Hon'ble friend is aware that in Germany, where they are said to manage things with high scientific accuracy, the income-tax is imposed on incomes as small as £48, or R720 a year? Yet the standard of living in Germany is certainly a good deal higher than it is in this country.

"The last matter to which I propose to refer relates to the action that has been taken in regard to the recommendations of the Excise Committee which, as Council are aware, was appointed 18 months ago to enquire into the practical working of the Excise Department and to submit proposals for its improvement in its various branches. The Committee was composed of gentlemen possessing peculiar qualifications for the task; they did their work in a most efficient manner: and I desire to express the cordial acknowledgments of Government to Sir James Thomson and his colleagues for the valuable service they have rendered to the Administration.

"The Committee's Report was presented in August last, and has recently been published. For some months we have been considering it, and we have already issued orders, or are about to do so, on most of the principal points with which it deals. It may be of general interest if I lay before the

[*Mr. Baker.*]

Council a brief summary of the conclusions at which we have arrived, and of the action which is being taken upon them. I shall only refer to matters of importance, and shall make no allusion to the many minor points which have come before us.

"The chief matters on which a course of action has already been decided include the treatment of country spirit, its consumption, and the methods by which its production and taxation should be controlled; foreign liquors, *tari*, and the disposal of licenses for retail vend.

"It should always be borne in mind that the main object underlying the reforms which the Committee were called on to consider is the regulation and restriction of consumption, and that while it is necessary to make due provision for the requirements of persons whose habit it is to use alcohol in moderation, it is the settled policy of Government to minimise temptation to those who do not drink and to discourage excess in those who do. Fiscal considerations in connection with the liquor traffic are important, not as an end in themselves, but because, as was stated in the Resolution appointing the Committee, the most effective method of forwarding the policy of Government in regard to consumption is to make the tax upon liquor as high as it is possible to raise it without stimulating illicit production to a degree which would increase instead of diminishing the total consumption, and without driving people to substitute deleterious drugs for alcohol or a more for a less harmful form of liquor.

"In regard to country liquor, which is on the whole the most important exciseable article in common use, the more important reforms in course of adoption or already introduced include the following:—

- (1) The gradual curtailment of the areas under the outstill system, which is, as I explained in Council two years ago, admittedly a bad one, until they are confined to the block of feverish and inaccessible country lying between Chota Nagpur and the Godavari and to certain small tracts of the United Provinces, Madras, Bombay, and Baluchistan, which, for special reasons, cannot be brought under more advanced arrangements.
- (2) Stricter control of the manufacture and sale of liquor in areas where the outstill system may be retained, by preventing the smuggling of outstill liquor into distillery areas; prohibiting the sale of liquor to children and drunken persons; preventing drunkenness in the neighbourhood of shops; stopping the hawking of liquor and its sale in weekly markets, etc.; and exercising greater supervision over licensed shops.
- (3) Gradual abolition of the Central and Sadr Distillery and the District Monopoly systems, and their eventual replacement by a system of supply (except in the Punjab) by a Contract Distillery system on the lines of that at present in force in Madras. The essence of this system, which has been found by the Committee to be the best working system and that most suited to the conditions of India that has yet been devised, is that the monopoly of supply in a district or other selected area is given out on contract, the contractor issuing his liquor at the rate of excise-duty in force and supplying vendors at a fixed rate, determined by tender, over and above this duty, while the right of vend is generally disposed of by auction for each shop sanctioned. This system possesses admitted advantages over the systems for which it is proposed to substitute it.
- (4) Improvement of the quality of the country spirit sold in distillery tracts by greater concentration and more adequate supervision of distilleries; by the adoption of certain detailed improvements in the methods of manufacture recommended by Major Bedford; by securing, where necessary, the guidance of skilled distillery officers; and by requiring periodical analysis of samples of liquor produced at the distilleries. In furtherance of these

[Mr. Baker.]

objects it is proposed to appoint three excise distillery experts, such as the Madras Government already possess, for the supervision of distillery work (a) in Bengal and Eastern Bengal and Assam, (b) the United Provinces, the Punjab, and the Frontier Province, and (c) Bombay and the Central Provinces, and to establish distillery schools for the training of the local distillery officers and distillers. The maintenance as an experimental measure of a Central Excise Laboratory at Kasauli till the end of March 1908 has also been sanctioned.

- (5) Enhancement of the existing local rates of duty so far as this may be found to be feasible without giving rise to grave danger of illicit practices. An advance in this direction should be possible in most provinces. It is admittedly desirable that the still-head duty should be the main factor in taxation, and that the revenue to be obtained for the disposal of vend licenses should be subsidiary only.
- (6) Adoption of adequate measures, including the maintenance of an efficient preventive staff, to prevent the production of illicit liquor.

"In respect of foreign liquors, the following reforms are proposed:—

- (1) It is the policy of Government that these should be taxed in such a way as to avoid any undue stimulation of their sale in preference to country spirit. In this connection there has been some diversity of practice as to what classes of liquors should be treated as 'foreign' and what as 'country' liquor. The Government of India, following, with unimportant modifications, the recommendations of the Committee, think that the proper line of division for excise purposes is as follows:—All spirits of Indian manufacture, which are coloured or sophisticated so as to resemble imported liquors, or which describe themselves by the names of such liquors and are obviously intended to give the consumers the impression of being identical with them in character, should be treated as such and taxed at the tariff rate. Plain spirit spiced so as to meet special Indian tastes without any attempt at the imitation of imported liquor should be treated as ordinary country spirit and be taxed at the local rates leviable on such spirits. In connection with this decision it is proposed in future to restrict the manufacture of toddy spirit to one distillery in each of the Presidencies of Madras and Bombay and to tax it adequately as compared with plain spirit manufactured from *mahua*, molasses, etc., and further, as soon as possible, to treat it as foreign spirit and to tax it accordingly. Similarly, *tari* and the so-called country beers should be classed for Excise purposes as 'country liquors,' while all others, for instance, wines made in Kashmir and genuine beers made in India, should be treated as 'foreign liquors' and be taxed as such.
- (2) The manufacture and quality of 'foreign liquors' as above defined and the assessment of duty thereon should be regulated by (a) the control of the flavouring and colouring of locally produced liquors; (b) a periodical examination of samples of imported liquors with a view to the prohibition of the sale of those that are impure or otherwise undesirable; (c) the control of the arrangements for compounding and bottling of imported liquors; (d) a prohibition of their sale below prescribed minimum strengths; and (e) the exercise of more efficient supervision over breweries on lines already in force in Madras.
- (3) One of the matters into which the Committee was asked to enquire was the truth of an allegation commonly made that some particular varieties of imported liquor are specially deleterious as compared with country liquor. The result of Major Bedford's enquiries has

[Mr. Baker.]

shown that so far as cheap imported spirit is concerned there is no reason to prohibit its importation on the ground that it is unwholesome, since from a hygienic standpoint it compares quite favourably with the more highly priced imported liquors. Nor again, so long as it bears a due indication of the country of its origin, can it be criticised on the ground that it is a patent-still product falsely described as whisky, brandy, etc., since even the higher priced spirits are now very largely the products of patent-stills. The real objection to this class of spirit is that owing to its extreme cheapness it competes to an undesirable extent with country spirit, and that it is becoming increasingly popular among the natives of India as being in essence the drink of the European classes. The increase made last year in the duty on imported spirit must necessarily have a proportionately greater effect in the case of a cheap article and should already have told against spirit of this nature; and the further restrictions referred to above will work still more strongly in the same direction, since the cheapness of the spirit is mainly due to the ease with which it is put on the market and the low strength at which it is sold.

- (4) As regards 'foreign' spirit produced in India it has been decided to introduce a system of inland transport in bond, so as to place the local trade on an equal footing with imported spirits.
- (5) The existing arrangements for the vend of foreign liquor will be improved, where necessary, (a) by the grant of wholesale licenses and retail licenses for consumption off the shop premises on fixed fees sufficiently high to keep the business in respectable hands, but not so high as to hamper legitimate trade; (b) by the restriction of the number of licenses for consumption on the premises and of beer tavern licenses within the narrowest possible limits; (c) by better regulation of other classes of licenses; and (d) by the prohibition of the sale of 'foreign' and 'country' liquors on the same premises.

"As regards *tari*, the principal reform in contemplation is a tentative move in the direction of introducing the tree-tax system. It has generally been supposed that toddy is the least noxious of all the forms of alcohol in common use in India, and that it would be a great evil to discourage its use if this result should be purchased at the cost of driving the people to more deleterious intoxicants. The Committee have, however, pointed out that toddy is considerably stronger than has sometimes been imagined; that statements as to its relative harmlessness apply only to cases in which it is drunk fairly fresh and in moderate quantities; and that if it is consumed stale or to excess it acts to the detriment of the consumer. The Committee have further found that the consumption of toddy in parts of Bengal, the United Provinces, the Central Provinces, Berar and Coorg is considerable, and requires more adequate check by improved excise methods and enhanced taxation than it has yet received. As already explained, measures are in course of introduction to restrict the consumption of country spirit by an enhancement of taxation throughout large parts of the country, and there will therefore be a considerable risk of increased consumption of toddy in the areas referred to, unless steps are taken to check this also by increase of taxation and by restrictions on its use. The Committee have expressed the opinion that the necessary check would best be imposed under a tree-tax system, and the Local Governments concerned are being consulted as to the desirability of adopting such a system, subject to the necessary safeguards. In the Central Provinces and Berar its experimental introduction in one district has already been decided upon, and the Committee suggest a similar experiment in the case of Bengal. The final decision as to the adoption of the system or otherwise will be left entirely to the discretion of the Local Governments. In the case of the tree-tax systems in force in Madras and Bombay, the Committee have expressed the opinion that certain improvements are

[*Mr. Baker; the President.*]

necessary in points of detail, and these will be brought to the notice of the Governments of those Provinces.

“As regards the method of disposing of licenses for retail vend, the Government are not altogether in agreement with the Committee. In the case of country liquor, the general method of disposing of the right of retail vend is that of sale by auction. The Committee have expressed their preference for a non-competitive system, and discussions as to the relative merits of these systems have recently appeared in the Press. The Government of India consider that the best system is a properly regulated auction system, under which the period for which shops are auctioned would be extended up to three years at the discretion of the Local Governments, and that, though the existing system doubtless requires some modifications of detail in its working, it would be a retrograde step to seek to replace it generally by one of fixed fees. This is not the occasion for an elaborate justification of the reasons for this opinion, but I may quote from a letter addressed to the Government of the Punjab four years ago as giving a succinct view of the position which the Government of India have taken up in this matter:—‘The leading principle of the auction system is that as large a portion as possible of the total revenue on country spirits should be derived from the fixed duty, but in addition to the fixed duty a subsidiary and variable revenue is drawn from the fees for licenses for retail vend which are sold by auction. The disposal of vend licenses by auction serves as a simple but sure guide to the local demand and indicates whether the still-head duty is adequate or otherwise. In the opinion of the Government of India it is inadvisable to obtain more than a subsidiary amount of revenue from this source, and disproportionately large receipts from vend rents would indicate that the still-head duty was too small and might be raised, and not that the system should be changed. The objection to fixed vend fees is that experience has shown that it is practically impossible to fix such fees with due regard to the interests of the revenue, and that they generally tend to a level at which they yield large profits to the licensees, with the result that there are several applications for a single shop, constant and troublesome appeals from disappointed candidates, and the risk of collusion with the office establishment. With a system of competition fees which should, as already stated, be a mere subsidiary receipt as compared with still-head duty, these difficulties are avoided, though for the successful working of such a system it is necessary that the preventive arrangements should be such as to debar shopkeepers from making a profit by the use of illicit liquor.’

“These include, I think, all matters of importance on which we have up to the present arrived at definite conclusions. Other matters still remain for consideration, including the number and location of liquor shops, restrictions on the retail sale of liquor, excise establishments, and legislation. These are now receiving attention, and I am hopeful that orders will issue regarding them within a few weeks of our reaching Simla.”

His Excellency THE PRESIDENT said:—“I rejoice that the continued prosperity of India enables me to renew my congratulations of last year to my friend the Hon'ble Mr. Baker on the pursuance of a well-considered financial policy, the details of which he has placed before us with so much clearness and which has again enabled him to announce a substantial remission of taxation in the coming year.

“But in the midst of these good times—these times of comparative plenty before which the spectre of famine is falling back—we must not shut our eyes to the misery that is still amongst us—the perennial harvest of the plague. I confess to some surprise at hearing so little mention of its ravages in today's speeches. Recent reports are most depressing. The marked decline in the mortality which occurred in 1906 has not been maintained in the present year. Taking the months of January and February, the figures for the last five years show a progressive increase during those months up to the year 1905 when 252,567 deaths were recorded. In 1906 the mortality for these two months fell to 47,505. It has now suddenly

[The President.]

risen to 157,640, more than three times the number of deaths recorded last year. The disease is at its worst in the Punjab and the United Provinces, whence no fewer than 102,529 deaths have been reported during January and February. A similar rise of mortality has occurred in the Bombay Presidency. Excluding Bombay city, where there has been no increase, there have been 19,841 deaths during the last two months against 6,071 in January and February 1906. In Burma, which escaped plague entirely until two years ago, the deaths in January and February reached a total of 3,574 compared with 1,370 in the same months of 1906.

"In the United Provinces the city of Lucknow is suffering severely from the disease. During the week ending the 16th March, 521 deaths occurred, while in the previous weeks 513 and 266 deaths were recorded. The Government of India have done their best to combat it. In a Resolution published on the 17th January 1906 they stated the results of the practical experience which had been acquired in the previous five years of actual plague administration. They indicated the preventive measures the utility of which appeared to have been established, and they pointed out that their application must depend upon the circumstances of the locality, the character of the people, the stage which the disease has reached and the agency available for dealing with it. In view of the great variety of conditions in different provinces they declined to lay down a uniform scheme of plague administration, and they left it to the Local Governments to determine which of the various measures admissible are practicable or expedient at particular times and places, and finally they observed that in the last resort all preventive action depends for its success upon the hearty co-operation of the people themselves. It is needless to go now into the efforts Government have made and are making to trace the origin of the disease. Much admirable work has been done, and we must hope that scientific investigations may at last help us to check it. I only tell you the sad story of today

"Yet there is much to be thankful for. The Monsoon showered the breath of life almost impartially throughout India and the land has brought forth in plenty. Mr. Baker tells us that the area under the cotton crop is more than a million of acres in excess of that of last year, whilst the estimated yield exceeds that of any previous year by over a million bales; that the cultivation of jute has grown in area by 200,000 acres and in outturn by 600,000 bales as compared with any former return, whilst it is estimated that the jute crop of last year realized 40 crores of rupees. Our Land revenue tells a tale of increasing wealth—of wealth to great proprietors, but still more, I hope, of abundance of the necessaries of life to the small tiller of the soil. He is the man we must strive to help. He is to a great extent the backbone of the population of India. On his welfare depends much of the happiness and the contentment of the people. And we have been able to do something for him. The reduction of the salt-tax to Re. 1 a maund throughout the whole of India means very palpable relief. Certainly the tax cannot be termed a heavy one, and it is really the only obligatory tax which falls on the great mass of the population. As I understand my Hon'ble Colleague, the incidence of the duty will now work out to less than $2\frac{3}{4}$ annas per head of the population, and yet in a poor household the amount is very appreciable. It means a loss of £1,266,700 in our revenue for 1907-1908, but in addition to the boon we are conferring on the people our experience of former reductions fully justifies us in assuming that the consumption of salt will more than respond to the reduction in duty.

"But we have undertaken this reduction in the salt-duty in the face of another loss to our revenue—a very serious loss. My Hon'ble Colleague tells us that proposals have been submitted by the Chinese Government for the gradual reduction of the imports of Indian opium into China *pari passu* with the gradual contraction of the production of opium in that country, the object in view being the eventual extinction of the opium habit among the Chinese, and in recognition of China's proposals we have already notified a reduction in the number of chests of Bengal opium for sale in 1907-1908 to 49,200 as compared with 52,800 last year. We are also reducing the area of opium cultivation. The intention of the Chinese Government, apparently, is that

[*The President.*]

the reduction of imports of Indian opium into China should be spread over ten years, at the end of which period they should cease. At first sight, I grant that China's proposals are very alarming as to their possible effects on Indian revenues. But I am afraid I am unable to follow the Hon'ble the Nawab of Dacca in his sweeping assumption that India is about to be sacrificed for the pleasure of a few faddists. Neither do I think we are entitled to doubt the good faith of the Chinese Government as to the objects of their proposals. Papers which I have had recently before me indicate every intention on the part of China to reduce with a strong hand the consumption of opium, and the growth of the poppy in her own territory. I am no opium faddist. I quite admit the hardship a proscription of opium would entail on those who use it in moderation as many in this country do, and I am well aware of the difficulties surrounding any attempt to reduce its production. But there is no doubt throughout the civilized world a feeling of disgust at the demoralizing effect of the opium habit in excess. It is a feeling in which we cannot but share. We could not with any self-respect refuse to assist China on the grounds of loss of revenue to India.

"I notice that the Hon'ble Tikka Sahib recognises the harm that intoxicating drugs are already doing amongst the manly race from which he springs and welcomes the orders to reduce cultivation of opium as beneficial to his people.

"I admit that the task China has set herself may be greater than she can accomplish, and that we have a perfect right to require that in agreeing to the reduction of imports from India we should be satisfied of the results of China's efforts to reduce her own internal opium production. But notwithstanding the prospect of a heavy loss in revenue, I hope we may accept what I believe to be my Hon'ble Colleague's view, that provided the transition state through which we must pass is spread over a sufficient number of years, we need apprehend no financial disaster, and may reasonably believe that the expansion of our sources of revenue will continue to guarantee our future prosperity. For the coming year at any rate we are, I think, entitled to look with satisfaction on much that it has been possible to provide for a reduction in postal rates, a largely increased expenditure on education, and assistance to Provincial expenditure on Famine Relief, are all measures which should prove of far-reaching public benefit.

"In respect to Railways, the Hon'ble Mr. Finlay has explained the reasons which have made it necessary 'to omit from next year's estimate any provision for starting the construction of new lines, to retard slightly the progress of lines under construction and to reduce to a small extent the expenditure on special works of open lines.' It has been necessary to provide for a very large expenditure upon rolling-stock, and I am glad to see that the Hon'ble Mr. Apar, speaking on behalf of the trading interests of Calcutta, welcomes the provisions which have been made to meet a deficiency which have naturally elicited much bitter criticism from the commercial world. However, we may do well to remember that a shortage in rolling-stock has often before now been the evidence of a sudden prosperity which it has been momentarily impossible to meet. I am inclined to ask with my Hon'ble Colleague, if, judging from the custom of great trading companies elsewhere, it would not be possible for Indian Companies to relieve the pressure which exists by supplying their own wagons to a certain extent? I am afraid I cannot find it so easy to follow him in his view that Government guarantees are detrimental to private enterprise. I have seen not a little of rapid railway development by private enterprise, but I have never suspected that such development was likely to be delayed by a Government guarantee. My experience has rather been that Government guarantees have very largely encouraged private enterprise. Indeed, with my short acquaintance with India I am rather inclined to suspect that private enterprise may have suffered from want of Government support.

"In respect to Military, expenditure I congratulate His Excellency the Commander-in-Chief on the very clear statement he has given to us. His explanation of the manner in which the Army in India is being redistributed will, I trust, assist to disabuse the public mind of many misconceptions. I doubt whether the value of Lord Kitchener's attempt to create a self-contained

[The President.]

Divisional organization has ever been sufficiently appreciated, whilst all that he has done and is still doing to improve the position of the sepoy cannot be too widely known. He has also told us that conditions affecting the pay of British officers of the Indian Army is under consideration.

"I am convinced that though the initial outlay of Lord Kitchener's scheme is necessarily heavy, its completion will tend not only to increased efficiency in many directions but will save much of the waste of past years and ensure what I know the Commander-in-Chief has warmly at heart—a sound system of economical administration in the Army.

"The Hon'ble Sir Steyning Edgerley, in his very interesting speech, dealt with many topics requiring much more detailed consideration than it would be possible to devote to them today, but I can assure him of my full agreement with the views he has expressed of the sympathetic treatment we owe to the Bombay Chiefs, whilst in all he said as to the evils of centralized administration he will find himself in entire accord with many an overworked public servant in this country. Perhaps I speak feelingly as one who is called upon to overrule a Local Government on such a weighty matter as the extravagant purchase of a horse valued at Rs. 70, or to check the heavy expenditure entailed by the unpardonable demand of some distant Collector for the erection of a bath-room, and simultaneously to guard the interests of India in connection with the administration of a world-wide Empire. I do not think we can go on as we are. We can, I hope, do something to shake off the unnecessary chains that bind us. Perhaps we are on the eve of new possibilities.

"The Hon'ble Mr. Gokhale tempts me to foreshadow the future. I am afraid at present I can only do so faintly. I recognise with him that politically India is in a transition state, that new and just aspirations are springing up amongst its people, which the ruling power must be prepared not only to meet but to assist. A change is rapidly passing over the land, and we cannot afford to dally. And to my mind nothing would be more unfortunate for India than that the Government of India should fail to recognise the signs of the times. I have deemed it all important that the initiative of possible reforms should emanate from us. I have felt that nothing would be more mischievous to British administration in India in the future than a belief that its Government had acted on no conviction of their own, but simply in submission to agitation in this country and in accordance with instructions conveyed to them from home. If there has been misconception as to this, I hope I may be allowed this opportunity of correcting it. The story as far as I can tell it at present is simply this: that last autumn I appointed a Committee of my Council to consider the possibility of a development of administrative machinery in accordance with the new conditions we were called upon to face. The Committee's report was considered by my Council, and a despatch expressing the views of my Colleagues and myself has been forwarded to the Secretary of State. What I would impress upon you is that this move in advance has emanated entirely from the Government of India, and that we are justly entitled to deny any accusation of 'an inadequate appreciation of the realities of the present situation.'

"We have now to await the reply of the Secretary of State, and there is no intention that any legislation should be undertaken before the public in India and at home have had ample opportunity for an expression of opinion on the proposals we have placed before him. I can assure all those who are interested in this great question that the despatch we have recently addressed to Mr. Morley is fraught with great possibilities, and I earnestly trust that the suggestions it contains may go far towards satisfying the pressing requirements of the Indian Empire."

The Council adjourned *sine die*.

J. M. MACPHERSON,
Secretary to the Government of India,
Legislative Department.

CALCUTTA ;

The 28th March 1907. }

APPENDIX C.

(Vide page 44.)

No.	States.	Annual revenue.	Annual cost of maintenance of Imperial Service Troops.	Percentage of cost.
		Rs.	Rs.	
1	Kashmir	89,00,000	9,20,076	10.3
2	Patiala	61,00,000	6,33,631	10.3
3	Jindh	15,00,000	1,07,822	7.1
4	Nabha	12,00,000	1,29,347	10.7
5	Kapurthala	13,00,000	1,25,130	9.6
6	Bahawalpur	24,00,000	2,00,000	8.3
7	Faridkot	4,00,000	54,854	13.7
8	Sirmur	5,00,000	48,119	9.6
9	Maler Kotla	3,00,000	34,500	11.5
10	Alwar	30,00,000	4,38,676	14.6
11	Bharatpur	37,00,000	2,43,980	6.5
12	Jodhpur	50,00,000	4,18,000	8.3
13	Bikaner	20,00,000	1,55,557	7.7
14	Jaipur	62,00,000	2,52,001	4
15	Rampur	33,00,000	1,49,238	4.5
16	Gwalior	1,48,00,000	12,90,707	8.7
17	Bhopal	25,00,000	2,02,097	8
18	Indore	48,00,000	2,41,314	5
19	Mysore	2,15,00,000	6,17,485	2.8
20	Hyderabad	3,59,00,000	5,01,656	1.3
21	Bhavanagar	30,00,000	1,79,962	5.9
22	Navanagar	32,00,000	59,460	1.8
23	Junagarh	27,00,000	68,547	2.5

NOTE:—

- (a) Minimum percentage 1.3 (Hyderabad).
 (b) Maximum percentage 14.6 (Alwar).
 (c) Average percentage 5.2.

GOVERNMENT OF INDIA.
FINANCE DEPARTMENT.

FINANCIAL STATEMENT

FOR

1907-1908.



CALCUTTA :
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