

Financial Statement of the Government of Bombay for the year 1908-09.

This statement deals as usual with the final Accounts of the year 1906-07, with the Revised Estimates of 1907-08, and with the Budget Estimates of 1908-09 concerning the services which under the existing financial system have been placed under the control of the Government of Bombay. The provincialised services are described in Appendix A, and except where the context shows otherwise, the figures throughout represent thousands of rupees.

Part I is a preliminary conspectus in which it is attempted to give a brief but fairly comprehensive idea of the financial position, and in particular, in paragraphs relating to the budget estimates, to indicate the character of the principal and most interesting objects of expenditure.

Part II is a detailed statement in which fuller particulars are given separately under each head of receipts and expenditure.

It will be observed that in both Parts the section relating to the "Accounts" is considerably briefer than usual; the briefness is due to the omission of explanations of variations between the Accounts and the Budget estimates. Such explanations have in almost every case been given in full detail in the comments on the Revised estimates contained in the statement of the preceding year. The only explanations in the Accounts statement which are of any interest at all, are those of the variations between the Accounts and the Revised estimates of a year; and even these are usually of very slight interest as the Accounts and the Revised estimates rarely vary materially.

For more detail still reference must be made to the published volume of Civil Estimates, a copy of which is forwarded to each Honourable Member.

Up to the present, the statement has been presented to the Council on the understanding that figures of the Budget estimates were unalterable. The consequence has been that Honourable Members have felt that their comments were of little practical value. They will learn, therefore, with satisfaction that Government are ready and anxious to receive suggestions and criticisms particularly relating to the provisions on the expenditure side of the Budget. These provisions are capable of alteration by reappropriation. For instance, if any Honourable Member were to suggest that the expenditure provided, say for Education, is insufficient, it may be possible for Government, if the suggestion be accepted, to provide more under that head by reduction of the provision under some other head, say of Public Works. Even if reappropriation be impossible, it is always possible for us to obtain the

sanction of the Government of India to provision out of our balances for increased expenditure. There is thus a way in which the Council may be able to modify the Budget, at any rate, on its expenditure side, and it is hoped that the appreciation of this fact will give Honourable Members a greater interest in the statement than they have been able to take in the past.

PART I.

Accounts of 1906-07.

2. The Accounts of the year 1906-07 opened with a balance of 80,66. The closing balance was estimated in the Revised at 1,00,36, which in the Accounts was reduced to 98,18. The total Provincial revenues amounted to 5,70,63 and compared with the Budget, the actuals show an increase of 34,45 against an increase of 40,61 calculated in the Revised. The increase over the Budget was due to the causes explained in discussing the Revised estimates of 1906-07 in last year's statement. The decrease as compared with the Revised is due almost wholly to a slight over-estimate of realisations. It amounts to only 6,16, or very little more than 1 per cent.

3. The total Provincial expenditure amounted to 5,53,11 as compared with 5,57,09 estimated in the Revised. The difference is 3,98, or slightly below three-fourths per cent. Estimating can hardly be closer, and further comment is unnecessary.

4. The interest chargeable to capital expenditure on Major Irrigation Works was formerly calculated at the rate of 4 per cent. on the outlay incurred up to the end of 31st March 1900 and at the rate of 3½ per cent. on outlay subsequent to that date. As pointed out in the Financial Statement of the Government of India, the effect of this has been to throw on the productive portion of the public debt an unduly large proportion of the interest payable on debt, and to minimise the interest charge on the ordinary debt. It has, therefore, been decided by the Government of India that interest on the productive portion of the debt should be based (broadly speaking) on the average incidence of interest actually paid in each year. Interest on the portion of capital expenditure incurred in England will be charged in the Home Accounts, instead of the whole amount being charged in India as hitherto. This alteration in the system of calculating interest on the productive debt relieves the Provincial revenues of Bombay of a considerable amount of the interest charge which is debitable to them under the current Provincial settlement— firstly, by the reduction in the rate of interest and secondly, by the adjustment in England of a portion of the charge. The saving to Provincial revenues is estimated at 1,24, leaving out of account the portion of interest that will be chargeable in England. An adjustment of this amount has accordingly been made from Provincial to Imperial

revenues in the Accounts of 1906-1907, the year from which the change took effect.

Revised Estimates of 1907-08.

5. The opening balance of the year 1907-08 taken in the Budget at 1,00,36 is now estimated at 98,18, the difference being due to the revenues of 1906-07 having proved lower by 6,16 and the expenditure less by 3,98 than the Revised estimates of that year.

6. The total Provincial revenue is now estimated at 5,69,50 against 5,76,98 entered in the Budget, a drop of 7½ lakhs in round numbers. If this estimate, which personally I think sanguine, is realised, we may congratulate ourselves. The season in both the Presidency Proper and Sind proved to be decidedly bad. In Sind the inundation was unprecedentedly low and in the Presidency both *kharif* and *rabi* crops failed over large areas. Under *Land Revenue* liberal suspensions and remissions have been given; and, but for the facts that half the loss due to these falls upon Imperial and that we are guaranteed a fixed minimum land revenue by the Government of India our resources would have been seriously affected. Luckily no important decrease of revenue is expected under any other head, while considerable increases are expected under *Excise, Assessed Taxes* and *Forest*. The causes of increase are generally those assigned in last year's Financial Statement, section relating to the Budget estimate. We expected a development of revenues and got more than we anticipated.

7. The total Provincial expenditure is now estimated at 5,82,70 against 5,85,46 entered in the Budget. The net saving of 2,76 is attributable to expenditure short of the estimates on (i) revisions of the revenue, forest, judicial, educational and veterinary establishments, (ii) the Agricultural College, (iii) grants to municipalities for sanitary projects, (iv) superannuation allowances and pensions and (v) minor irrigation works, partially counter-balanced by larger expenditure chiefly on public works to which money was diverted from the heads noted above as soon as it was apparent that savings were likely to become available. The decrease in the irrigation interest charge is due to the revised system of calculating interest on productive debt, already explained in paragraph 4. As regards (i) the failure to spend up to the estimates is mainly due to the difficulty of getting schemes through for sanction. There can be no doubt that this difficulty would be largely overcome if the Local Government's power of final sanction could be extended. The saving in item (ii) was due to the construction of the College buildings not having progressed as rapidly as was anticipated. It is a great pity that the expenditure on Municipal schools in Bombay should have had to be postponed. The reason for this is that the Municipality was not ready with its scheme. Much the same difficulty occurred

in respect of the grants under (iii); the money was provided but the schemes of sanitation were not ready.

8. The passing of the City of Bombay Police Charges Act, 1907, has brought to a satisfactory conclusion the long pending question of the debit to the Municipal Corporation of the City of Bombay of $\frac{3}{4}$ ths of the charges connected with the City Police. The Act relieves the Corporation of all expenses on account of the police of the City of Bombay, and makes it liable for certain medical, educational and other expenditure hitherto borne by Government. The arrangements involve not only an immediate saving to the Municipality but also enable it to escape large inevitable increases in the near future on account of police charges over which it can have no control. An increase in the pay of the constables and Havalendars of the city police has already been sanctioned by Government during the current year and a scheme for the complete reorganisation of the Force is now under consideration. The cost of the Medical and Educational Services which have been transferred to the Municipality will undoubtedly expand, but in regard to this expansion the Municipality will have full control and authority, which it did not possess in respect of the Police charges which were formerly borne by it. The new arrangements take effect from 1907-08, and are reflected in the large increase under the head *Police* and decrease under *Medical* noticeable in the Revised.

9. With the sanction of the Secretary of State the Government of India have abolished, with effect from the year 1907-08, the fees which were hitherto charged by Government for the audit of the accounts of Municipalities, District Local Boards, Cantonments, and certain other local bodies and funds. The fees levied for the audit of the accounts of Wards' Estates, of the Administrator General and Official Assignee and in similar cases where the fund or office is maintained in the interest of private individuals will, however, continue to be recovered. The Government of India have sanctioned an annual assignment of 67 from Imperial to Provincial revenues in order to compensate the latter for the loss involved by the abolition of the fees in question. This arrangement has been taken into account in framing the Revised estimate of 1907-08.

10. The closing balance of the year is now estimated at 84,98, or a decline of 6,90 from the Budget. Important variations between the Budget and Revised estimates are explained in greater detail in Section II of Part II.

11. Indirect famine expenditure in 1907-08 is estimated in the Revised at 1,30 against 3 entered in the Budget, the increase being due mainly to the grant of grain compensation and other allowances necessitated by the scarcity for which no provision was made in the Budget. The disbursements and recoveries of takavi and other loans in the Provincial Advance and Loan Account are estimated at 33,39 and 31,75 respectively as compared

with 26,55 and 41,81 entered in the Budget, the differences being due to an increase in the amounts advanced to cultivators and a diminution in recoveries due to the prevailing scarcity.

The Council may be surprised to find no entry for expenditure on direct Famine Relief. The reason is that such expenditure is now Imperial until it reaches a limit of 80 lakhs determined according to the arrangement concluded by the Government of India, as announced in the Financial Statement of 1907-08. The expenditure is estimated at the trifling sum of 34. Considering the extent of the failure of the crop, this is a matter for profound congratulation. The failure, great as it is, is far less than in 1905-06 and it follows an unprecedentedly good year. But the main cause of the trifling expenditure required is undoubtedly the high rate of wages now prevalent, and the keen demand for employment in relation to the numbers of the labouring population. Wages are everywhere extraordinarily high and the demand for labour in Bombay, Ahmedabad and other centres seems to be well maintained in spite of the depression, which we all hope may be temporary, in the yarn industry. The necessity for relief is at present confined almost entirely to the district of the Panch Mahals, where, however, the need for it has been largely reduced by judicious and liberal grants of tagai for useful agricultural works, such as *kacha* wells and field embankments. In West Khándesh also considerable employment has been found by the extension of forest operations for such of the Bhils as were in danger of falling in destitution. Reports of the mhowra crop on which the people of these districts largely depend for subsistence in the hot weather are encouraging.

Budget Estimates of 1908-09.

12. The closing balance for 1907-08 is estimated at 84,98. The balance (87) to the credit of the Government Central Book Depot Fund, which has been abolished, is credited to Provincial revenues. The Budget of 1908-09 thus opens with a balance of 85,85, which, it is anticipated, will be reduced to 80,76 by the close of the year, the total revenue being estimated at 6,04,04 and the total expenditure at 6,09,13.

13. The revenue estimates for 1908-09 are, as usual, framed in anticipation of a normal season and allow for expected increases under several heads, chiefly *Land Revenue* (including the portion due to Irrigation), *Excise*, *Assessed Taxes* and *Forest*.

The estimate of *Land Revenue* (including the portion due to Irrigation) is taken at the high figure of 4,25,00 (Provincial share=2,12,50) in the expectation that with a normal season it will be possible to collect a part of the suspended revenue in addition to the current demand for 1908-09. The figures of the estimated demand, collections,

remissions, and suspensions for the years 1907-08 and 1908-09 are given below:—

	1907-08, Revised.	1908-09, Budget.
Balance	1,38,84	1,54,81
Demand	4,11,92	4,08,15
	<u>5,50,76</u>	<u>5,62,96</u>
Collections	3,60,00	4,25,00
Remissions	85,95	20,05
	<u>3,95,95</u>	<u>4,45,05</u>
Balance { Suspensions	72,65	32,60
{ Arrears	82,16	85,31
	<u>1,54,81</u>	<u>1,17,91</u>

It will be seen that due allowance has been made for the grant of the suspensions and remissions necessitated by the unsatisfactory character of the monsoon of 1907. The calculation is that the suspended revenue will be reduced by 40,05, of which, however, only 16,85 will be collected while 20,05 will come due for remission under the rules whereby arrears of suspended revenue more than three years old are remitted. The estimated collections amount to a little more than 4 per cent. over the current demand, and cannot be regarded as otherwise than very moderate.

It is convenient to introduce in this place a reference to the items composing the provision of "Fixed allotment and adjustments" of which details are given in paragraph 35(a), pages 23 and 24. It will be observed that the Government of India make us an assignment of 88,68 of which 42,77 represent the fixed assignment provided under the quasi-permanent settlement. Several of the items represent adjustments, but most of them are equivalent to a grant-in-aid in addition to our settlement allotment. Important examples are, the assignment for Police Reorganisation 9,50, for additional Police Reforms 4,25, for Primary Education 5,00, for development of technical and industrial education 1,67, for improvements in sanitation 4,50, for Agriculture and Veterinary development 3,50, and for grants-in-aid for District Boards 7,00. These and similar grants represent roughly the share the Government of India has seen fit to allow us out of the available surpluses of recent years. There is just ground for acknowledging the liberality of the Government of India; but it is impossible to deny that the grants would have taken a more convenient form if they had not been ear-marked for special objects of expenditure. There is no danger of any of these objects being neglected by this Government, and nothing but advantage, the Council will agree, would result from our having freedom in the allocation of such funds as it may be possible to spare for us from the general purse. The relative urgency of the different needs of the Presidency is a matter of which we can justly claim to be the best judges.

For the reasons explained in paragraph 12 of the last year's Financial Statement, a continuous growth of the *Excise* revenue is anticipated for some time to come. It will interest the Council to learn that the facts and figures given in the Excise Administration Report for 1906-07 seem to indicate that while the single shop auction system has the effect of increasing licit consumption, the increase of the duties has had the effect, especially in the towns which in most districts are the drinking centres, of restraining and diminishing it. This Government has accepted the central distillery and single shop system, but has never liked the system of auctioning the shops, which has been deliberately prescribed by the Government of India contrary to the advice of the Excise Committee. The system will have to be carefully watched and if it be found, as there are grounds for suspecting, to stimulate consumption unduly, the Government of India will have to be asked to modify it.

Under *Assessed Taxes* a slight increase has been estimated for. It may be doubted, however, whether in view of the depression in the yarn trade it will be realised. The revised estimate showed a drop as compared with the actuals for 1906-07.

Under *Forest* increased receipts are expected in all the circles from the sale of timber and other forest produce. The development of our forests, especially in Sind and the Southern Circle is progressing steadily, and nothing but severe famine can interrupt the growth of the revenues.

14. In view of the satisfactory state of Provincial balances, Government have resolved to abolish the tolls levied at certain toll bars, the receipts from which amounted to :—

	23 in the Southern Division,
	19 " " Central Division, and
	8 " " Northern Division.
	—
Total ...	50

As the tolls constitute a tax which, in some cases, may press heavily upon a poor class of the community, Government will be glad to extend this policy. Whether they will be able to do so will depend entirely on the future financial position which has yet to be seen, and must depend almost entirely on the character of the seasons.

15. Before proceeding to explain the important points in the expenditure Budget for the current year it is observed that the Government of India have decided to exclude from the General Estimates and Accounts the transactions of the District Local Boards and other Local Funds which were hitherto classed as "Incorporated." The decision is based on the principle that the General Budget should deal solely with the receipts and expenditure of the general administration, and not with revenues which concern only limited areas, are derived from special sources and are devoted to special purposes or placed under the control of specially constituted local authorities. If the revenues of a fund have not

been specially assigned to local management and the expenditure is under the orders of Government, the fund will cease to have a separate existence and its accounts will be absorbed in the Imperial or Provincial accounts according to the facts of the case. If, on the other hand, the income and expenditure are clearly under the control of a local authority, the fund will be excluded and treated for budget purposes exactly like Municipal or Cantonment Funds. In accordance with this decision the transactions connected with the District Local Funds and the Steam Boiler Inspection Fund are now excluded from the General Accounts of this Presidency, while those connected with the Government Central Book Depot Fund are merged in the general revenues, and the balance to the credit of the fund (87) is credited to Provincial revenues. The sale proceeds (97) of the Government Promissory Notes belonging to the last named fund have also been credited lately to Provincial revenues. The adjusting heads used for contributions between Provincial and Local revenues also cease to exist, and contributions made from Provincial revenues to any Local fund, or *vice versa*, are charged as expenditure or shown as a receipt (as the case may be) under the head which is most appropriate to the nature of the item. Thus a grant to a Local Board for educational expenditure now appears under the head 22, *Education*; a grant for plague expenditure under the head 24, *Medical*; a grant for the construction of roads under 45, *Civil Works*; and a grant for general purposes—such as a grant to make good a deficit—has been classified under the head 32, *Miscellaneous*.

16. In paragraph 18 of the last year's Financial Statement allusion was made to the tendency to over-estimate expenditure in normal years, which is a frequent subject of criticism in connection with our budget. Of the various causes which produce this tendency, it is believed that the most important, and certainly the most universal in its effect, is the anxiety of disbursing officers not to outrun the particular grants with the expenditure of which they are entrusted. Every disbursing officer aims, as a rule, at closing the year with a margin of saving rather than a margin of excess over his allotments, with the result that the aggregate of all these margins comes to a considerable total saving on the Provincial estimates. In order to prevent the inclusion in the budget of a provision larger than was likely to be actually expended within the year, the Government of India have been in the habit of making reductions in the budget estimate under one or more Provincial heads of expenditure, and when such a reduction was made under a major head of expenditure, it was obligatory on the Local Government to distribute the amount among the minor and sub-heads subordinate thereto. The subordinate disbursing officers entrusted with the expenditure then applied to the reduced allotment the methods described above and the consequence was that they underspent even that. To avoid this result the Government of India have now adopted a modification of the system of correcting the Provincial estimates, which is described below.

The estimate framed by the Local Government under each major head is examined by the Government of India in the ordinary way, any specific items of expenditure which are doubtful or inadmissible being modified or eliminated, as the case may require. From the total provision which is finally arrived at in this manner a lump deduction is made, if this should appear necessary with regard to the circumstances of the year and the experience of previous years, so as to reduce the total of the major head to the amount of the probable actual expenditure. The figure thus reduced is entered in the Provincial budget and in all published official statistics as the sanctioned estimate for the major head. The lump deductions, however, will not operate to curtail expenditure which has been duly approved, and for which provision has been made in the unreduced grant. On the contrary, the unreduced grant will be shown in the detailed Civil Estimates, distributed among the minor heads and sub-heads and divided among the disbursing officers, exactly as if it were the sanctioned budget total of the major head. In these estimates, the lump deduction will be shown at the foot of the head as "Probable savings." It is believed that these arrangements will result in greater accuracy of the Provincial estimates of expenditure than has been found practicable in the past. In the current year's Budget lump deductions for "Probable savings" in accordance with this system have been made under the following major heads:—

	Lump deduction.
3, Land Revenue	1,67
7, Excise	56
11, Forest	56
19-A, Law and Justice—Courts of Law	50
19-B, " " —Jails	25
20, Police	1,22
22, Education	2,00
24, Medical	1,45

17. The expenditure Budget includes provision for the revision of the subordinate district and village officers' establishments in Sind and of excise and registration establishments, mentioned in paragraphs 13 and 14 of the last year's Financial Statement, which have already been sanctioned. Provision has also been made for (i) the revision, in part, of subordinate forest establishments, (ii) the grant of local allowances to clerical establishments in the City of Bombay, (iii) additional police reforms for which the Government of India have made an assignment of 4,25 in addition to the previous assignment of 9,50, (iv) primary school buildings in Bombay City, which will be financed by the Bombay Municipal Corporation with the help of the Government grant, (v) grant to the Rajkumar College, (vi) increased expenditure at the College of Science, Poona, and the Elphinstone, Deccan and Grant Medical Colleges, (vii) improvement of secondary education, (viii) improvement of the pay of teachers in primary schools, (ix) the introduction of the new Code of Regulations for European Schools, (x) the equipment of hospitals (xi) grants-in-aid to local bodies for sanitary

projects, and (xii) special grants for the encouragement of evacuation, inoculation and rat destruction.

18. The reasons which necessitate the provision for item (i) were explained in paragraph 14 of last year's Financial Statement. The final proposals of this Government, which involve an additional expenditure of about Rs. 2½ lakhs per annum, will shortly be submitted to the Government of India.

In view of the increased cost of living in the City of Bombay proposals have been submitted to the Government of India for the grant of local allowances to all clerical establishments employed in the City, whose salary does not exceed a certain limit. The question is still under the consideration of the higher authorities, but a provision of 74 for the extra Provincial charge which may have to be paid this year has been made in the Budget in expectation of sanction.

The additional police reforms mentioned under (iii) consist of the continued working out of the proposals made by the Police Commission and approved by the Government of India and the Secretary of State. We are making vigorous efforts to expend the allotment made by the Government of India and hope to make considerable progress during the current year. The greater part of the additional allotment of 4,25 will be utilised to meet the charges on account of the increase of pay which has recently been sanctioned for the lower ranks of the Police throughout the Presidency including Sind, as well as for those in the City of Bombay. Schemes for the reorganization of the Police in the districts and on the Railways are being brought into final shape, and there should be no difficulty in expending the whole of the allotment made by the Government of India.

The special provision which was made in last year's budget for primary school buildings in Bombay City (item iv) could not be utilised as the Bombay Municipal Corporation has not yet framed a programme for their construction. A provision of 1,31 is repeated in this year's budget.

The provision for grant-in-aid to the Rajkumar College (item v) includes, besides the annual subvention of 25, arrears of grant-in-aid to be paid from Imperial revenues to cover the extra expenditure incurred before 1907-08 in consequence of the reorganization of the College staff.

Under (vi), last year's provision of 50 for a new Engineering Laboratory in the College of Science, Poona, was not utilised because it has been decided that the new Professor of Mechanical Engineering should, on his arrival in India, design the proposed laboratory and select suitable equipment. The provision has, therefore, been repeated in this year's budget. On the retirement of the present Professor of Chemistry and Geology in this College it is intended to appoint two Professors, one for Chemistry and one for Geology and Zoology. The superior staff of the Elphinstone and Deccan Colleges will be strengthened by the appointment of an Assistant to the Professors of Mathematics in these

institutions, while that of the Grant Medical College and the J. J. Hospital is proposed to be strengthened in pursuance of the recommendations which were made some time back by the Grant Medical College Reorganisation Committee.

Item (vii) represents provision for hostels and play-grounds (2,12), the revision of the pay of Head Masters, principally with a view to make it personal, and the appointment of an Inspector of Drawing. These form part of a programme submitted by the Director of Public Instruction in response to certain suggestions made by the Government of India for the general improvement of secondary education. In making the suggestions we have been given to understand that no help from Imperial revenues should be looked for, and that the whole cost of such improvements in secondary education as might be undertaken must be met from Provincial revenues. The programme which involves recurring and non-recurring expenditure of about 10,00 will be worked up to as funds are available.

The provision of 50 for the improvement of the pay of teachers in primary schools (item viii) marks the first step in the direction of an urgently needed reform. There is no doubt that these teachers are greatly under-paid. The expenditure involved is, however, heavy and in view of the fact that large grants have been made to Local Boards for the development of primary education, it is proper that they should bear a substantial share of the cost. We have provided 50 in the hope that 1,00 will be spent in the current year, the other 50 being contributed by local bodies.

Under (ix) full provision is made for the expenditure—estimated at 76—involved in the introduction of the new Code of Regulations for European Schools. The Government of India have sanctioned an annual grant of 35 from Imperial revenues, but have declined to make an additional assignment to cover the balance of the estimated charge.

The attention of Government having been drawn to the necessity of placing the hospitals in this Presidency in a more satisfactory condition in point of equipment, a special provision of 1,14 has been made for it (item x).

In pursuance of the policy explained in the last year's Financial Statement provision has been made (item xi) for grants to local bodies in aid of sanitary projects. The Government of India have also made an annual assignment of 4,50 to Provincial revenues, with a view to assist in the adoption of measures for the improvement of the public health. The money is to be expended at the discretion of this Government on sanitary improvements with special reference to the prevention of plague. The rapidity with which this money can be expended will depend largely upon the quickness with which local bodies are able to submit their schemes of sanitary improvements. As stated to the Council last year, Government have already arrang-

ed to place at the disposal of the Local Bodies expert assistance in the preparation of their schemes. It remains with the Local Bodies to take advantage of this assistance to the greatest possible extent and to submit their schemes with the least possible delay.

Since last year we have been placing at the disposal of the Collectors of the Districts in which plague is rife special grants to enable them to encourage evacuation, inoculation and rat destruction. This year's provision for direct plague expenditure includes 1,00 on this account (item xii).

19. Indirect famine expenditure in 1908-09 is estimated at 2,43 chiefly on account of grain compensation and temporary establishments. Direct famine expenditure estimated at 5,00 will be borne by Imperial revenues. The provision for plague expenditure in 1908-09 amounts to 4,75 (2,63 direct and 2,12 indirect); and about three-fourths of 1,52 provided for the Bombay Bacteriological Laboratory may be regarded as a plague liability.

20. The amounts provided for large Protective Works which are furnished by the Government of India do not appear in our Budget. The allotment for the coming year is 14,06. The expenditure will be principally upon the two great storage works on the Godavari and Pravara rivers in the Násik and Ahmednagar Districts. It is greatly to be wished that the assignment could have been larger, but seeing that it is made out of current revenues, we could hardly expect more in a year commencing with a very considerable famine which, of course, makes a heavy demand upon the resources of the Imperial Government. At the same time, we have not failed to urge upon the Government of India the extreme importance of assuring a sufficiency of funds to prosecute these Protective Works to a rapid conclusion. As long as the provision of funds depends upon current revenues there is always the extreme risk of the allotments being irregular and insufficient. The greatest deliberation is obviously necessary in preparing and deciding upon costly Protective Schemes which can hardly be expected to prove remunerative. Once, however, such schemes have been decided on, the only truly economical policy is to complete them rapidly in order that they may earn their full return in as short a time as possible. We reckon that on the two schemes above mentioned we could spend, if funds were available, up to 24 lakhs per annum, while, when other great projects were sanctioned, we could with proper organisation incur an annual expenditure of 50 lakhs. Our aim is to obtain from the Government of India a sure annual allotment for Protective Irrigation of not less than that sum. Our proposals are under the consideration of the Government of India.

21. In the Provincial Advance and Loan Account the payments of takavi and other loans are estimated at 45,15, and the recoveries at 28,95. The estimate includes special provision for (i) takavi

advances to sugarcane cultivators on lands irrigated by the Nira Canal in the Purandhar, Bhimthadi and Indapur Talukas of the Poona District, and (ii) the grant of loans to the Gujarat talukdars to effect a settlement on a cash down basis of their debts.

Item (i) represents the interesting experiments in the financing of the cultivation of rich and assured crops of which sugarcane irrigated by the Nira Canal is a typical example. The area under this crop aggregates in round numbers some 8,000 acres. The sum required to finance an acre of sugar-cane is roughly about Rs. 400 per annum and for the proper financing therefore of the 8,000 acres a capital of some 32 lakhs per annum is required. This sum is obtained, in the majority of the instances, by the cultivators from the local sávkars who advance cash for preliminary expenses, frequently at the heavy interest of 18 per cent., supplying oil-cake and artificial manure at similar high rates of interest and at an enormously high brokerage, bringing the total charge, as we are informed, to something like 40 per cent. The sávkar also conducts the brokerage of the jágri on similarly ruinous terms. The consequence is that the profits of the cultivator in the growing of this extremely valuable crop, on which such large sums are embarked, are reduced to an insignificant amount estimated frequently not to exceed Rs. 30 per acre. The experiment is intended to demonstrate the possibility of financing the cultivators of this crop on much easier terms and securing them much better profits. A Special Officer has been appointed and has been entrusted with the distribution of 2 lakhs per annum among selected cultivators. He will make the necessary advances for preliminary expenses, provide oil-cake and artificial manures and conduct the marketing of the jágri at reasonable rates of interest and brokerage, probably not exceeding 9 per cent. This extremely moderate charge, as is calculated, will make the experiment, which, of course, is debited with the cost of the Special Officer and his establishment, at the least self-supporting. The experiment was started only in January last, but already promises to be successful. It will be continued for a few years and the experience thus gained will be placed at the disposal of the public in the hopes that some Banking Agency may be induced to step in and compete with the sávkar for the financing of this valuable crop. It has been alleged that by this experiment, Government are unjustifiably interfering with private enterprise. This, it need scarcely be observed, is far from being the case. On the contrary, Government are merely endeavouring to demonstrate by an example that an exceedingly favourable opening exists for an enterprise on a large scale similar to the Agricultural Bank of Egypt, the introduction of which was preceded by experiment on similar lines.

Item (ii) represents a measure for freeing the talukdars from their indebtedness. Their relief from the ruin brought upon them originally by extravagance and bad management, and intensified by

famine is an object of sufficient public importance to justify the advance from public funds by Government, especially as loans on a reasonably low rate of interest cannot otherwise be obtained. Government have recently addressed Collectors expressing their sympathy with the heads of ancient families that are fallen on evil days and their readiness to help, if they will allow their estates to be brought under the management of the Courts of Wards. In some instances, it will be possible by means of loans to provide the funds necessary to effect compositions with creditors on the basis of immediate cash payment.

22. It is, on the whole, exceedingly satisfactory that we should find ourselves again, despite the prevailing scarcity, with a 'record' revenue. We have also estimated for a 'record' expenditure which, in the circumstances, the Council will no doubt admit is fully justified. But the Council will not fail to observe that in both the years 1907-08 and 1908-09, we expect our expenditure to exceed our receipts. In other words, we are more than living up to our income and drawing upon our still handsome balances. While we have good balances the position is perfectly sound, so long as our over-draft consists entirely of non-recurring or merely temporary expenditure. But there is this difficulty before us. We are confronted with the probability of very considerable demands for recurring expenditure. There is a disagreeable probability that the allotments which the Government of India are in a position to make will not nearly suffice for the necessary expenditure on Police, if all the intended reforms are to be carried out. The liability on this account is not likely to be less than 10 lakhs per annum and may amount to 16 lakhs. There is hardly any one of the great spending departments which has not heavy recurring demands to make. In meeting these demands we shall undoubtedly have to proceed with slowness and caution. But we trust to be able to meet them all within a reasonable period provided only we can obtain a succession of such seasons as we had between 1878 and 1895. There is no reason whatever why we should not enjoy a recurrence of fairly good seasons. We had one such season in 1903 and another in 1906. I do not share the pessimism of those who say that India is undergoing a change of climate. Just as there have been long periods of drought and bad seasons in pre-British times, so we have had a succession of bad seasons since 1896. But there is no ground whatever for supposing that between these bad times there will not be an interval during which this Presidency will enjoy on the whole sufficient and fairly distributed rainfall. It should be remembered that the Madras Presidency has had a succession of good seasons, with only partial interruption, for something like thirty years. We have every justification for hoping we may enjoy similar good fortune. But until the good times come we cannot add largely to our existing high rate of recurring expenditure.

J. W. P. MUIR MACKENZIE.

PART II.

SECTION I.

Accounts of 1906-07.

23. The estimated and actual transactions of the year 1906-07 are given below:—

	Budget Estimate.	Revised Estimate.	Actuals.
Opening balance	73,77	80,66	80,66
Revenue	5,36,18	5,76,79	5,70,63
Expenditure	5,79,43	5,57,09	5,53,11
Closing balance	30,52	1,00,36	98,18

The important differences between the Budget and Revised estimates of 1906-07 have been explained in Part II, Section II, of the last year's Financial Statement. Important variations of the Actuals from the Revised estimates are noticed below.

24. On the revenue side, the Actuals show a net decrease of 6,16 from the Revised estimate. The following is the explanation of the principal differences:—

I, Land Revenue.—The decrease of 4,39 was due chiefly to—

- (i) a decrease of 2,93 in the divisible revenue, due mainly to the transfer to the head *XXV, Miscellaneous (Imperial)* of the value of certain land in Bombay City sold to the G. I. P. Railway Company;
- (ii) a decrease of 1,57 in the Imperial contributions to Provincial revenues consequent on (i) the revised system of calculating interest on productive debt, and (ii) an over-estimate of the assignment in aid of Provincial expenditure on famine-relief in 1905-06 and 1906-07.

XII, Interest.—The decrease of 66 was due mainly to smaller recoveries of interest on advances to cultivators.

25. The expenditure of the year fell short of the Revised by 3,98. The principal differences are explained below:—

3, Land Revenue.—The decrease of 75 was due mainly to an over-estimate of extra allowances in connection with the famine, and of allowances to district and village officers.

11, Forest.—The decrease of 66 was due to the failure of a contractor in the Southern Circle to supply timber before the close of the financial year, and to the grant for payments of royalty on sale proceeds of teak trees on private lands in the Northern Circle not being fully utilised.

20, Police.—The increase of 1,01 was due to a portion of the contribution from the Bombay Municipality towards police charges having remained in arrears, to the new appointments of Deputy Inspectors-General and their

establishments, and to payments of grain compensation and extra allowances in connection with the famine. The excess due to the causes mentioned above was partially counterbalanced by savings chiefly in the provision for additional police reforms, which could not be carried out before the close of the year.

22, *Education*.—The increase of 96 was due to building and other grants having been sanctioned late in the year.

24, *Medical*.—The increase of 52 was due to larger adjustments for supplies by the Military Department, heavier expenditure at hospitals and the purchase of rat-destroying apparatus for the Port Health Officers, Bombay and Karachi.

29, *Superannuation allowances and pensions*.—The decrease of 76 was due to an over-estimate, the latest actuals on which the Revised estimate was based having included payments chargeable to other heads.

30, *Stationery and Printing*.—The increase of 1,15 was due principally to larger demands for paper by the Printing Presses and the Photozincographic Department. The cost of the increased supplies to the Presses was not ascertained before the accounts of the year were finally adjusted and was not therefore allowed for in the Revised.

32, *Miscellaneous*.—The increase of 1,13 was due to unexpectedly heavy adjustments of remissions of tagai advances in Sind.

42, *Irrigation—Major Works—Interest on debt*.—The decrease of 1,19 was due to the introduction of the revised system of calculating interest on productive debt, in accordance with which the charge is based on the *average incidence* of interest actually paid in each year instead of at the rates specified below:—

4 per cent, on capital outlay incurred up to 31st March 1900; and

3½ per cent, on outlay subsequent to that date.

43, *Irrigation—Minor Works and Navigation*.—The decrease of 71 was due to smaller outlay in the Deccan and Gujarát, on the Kadwa River Works, the Pathri Tank and certain works for which only revenue accounts are kept, partially counterbalanced by increased expenditure in Sind on works for which only revenue accounts are kept.

45, *Civil Works*.—The decrease of 3,91 was due to the expenditure towards the close of the year not having progressed to the extent anticipated owing to scarcity of labour and other causes.

SECTION II.

Revised Estimates of 1907-08.

26. The Budget and Revised estimates of 1907-08 are shown below:—

REVENUE.				No.	Heads.	No.	EXPENDITURE.			
Budget.	Revised.	Revised					Budget.	Revised.	Revised.	
		Better.	Worse.						Better.	Worse.
...	...	...	...	...	Refunds and Drawbacks.	1	2,78	3,16	...	48
...	...	...	...	...	Assignments and { Cash ... } Compensations. { Alienations ... }	2	8,47 78,86	8,74 79,49	...	27 63
2,05,00	1,66,30	...	38,70	I	Land Revenue—					
90,90	91,77	87	...		{ Provincial } share					
80,82	89,23	8,41	...		{ Alienations ... } { Fixed Allotment, etc. ... }					
...	...	...	...	...	{ Cash ... } { Alienations ... }	3	71,41 7,10	69,66 7,28	1,75	...
32,50	32,00	...	50	IV	Stamps	6	1,17	1,10	7	...
77,50	80,25	2,75	...	V	Excise	7	3,50	3,25	25	...
21,29	23,49	2,20	...	VIII	Assessed Taxes	10	41	40	1	...
16,50	18,50	2,00	...	IX	Forest	11	10,75	9,75	1,00	...
6,85	6,90	5	...	X	Registration	12	3,45	3,27	18	...
7,84	7,72	...	12	XII	Interest	13	6,21	6,53	...	32
...	...	...	...	...	General Administration	18	15,41	15,66	...	25
5,50	5,20	...	30	XVIA	Law and Justice—Courts of Law.	19A	52,22	51,25	97	...
2,21	2,15	...	6	XVIB	Law and Justice—Jails	19B	8,65	8,45	20	...
4,21	4,62	41	...	XVII	Police { Cash ... } { Alienations ... }	20	68,06 4,94	72,19 5,00	...	4,18 6
91	94	3	...	XVIII	Ports and Pilotage	21	50	55	...	5
3,75	3,86	11	...	XIX	Education	22	31,52	28,50	3,02	...
2,20	2,23	3	...	XX	Medical	24	24,00	18,96	5,04	...
...	...	...	...	...	Political	25	4,38	4,17	21	...
52	68	16	...	XXI	Scientific and other Minor De- partments	26	3,10	6,02	2,08	...
2,12	2,20	8	...	XXII	Superannuation Allowances, etc.	29	26,75	25,82	93	...
84	90	6	...	XXIII	Stationery and Printing	30	11,58	11,92	...	34
1,10	66	...	44	XXV	Miscellaneous	32	4,13	2,84	1,29	...
...	...	...	...	...	Reduction or Avoidance of Debt.	36	13,70	13,70	...	...
...	...	...	...	...	Miscellaneous Railway Expendi- ture	41	...	13	...	13
...	13,70	13,70	...	XXIX	Irrigation—Portion of Land Revenue due to irrigation	...	...	...	...	...
5,07	5,46	39	...	XXIX	Irrigation—Major Works— Direct Receipts...	...	...	...	...	...
1,43	2,00	57	...	XXX	Irrigation—Minor Works	...	...	...	...	...
...	...	...	...	...	Irrigation— Major Works— Working Expenses	42	5,19	5,35	...	16
...	...	...	...	...	Interest	43	9,84	8,04	1,80	...
...	...	...	...	...	Minor Works	43	15,94	15,00	94	...
7,27	8,17	90	...	XXXI	Civil Works	45	66,37	75,18	...	8,91
65	57	...	8	...	Contributions between Provincial and Local	...	20,62	21,34	...	72
5,76,98	5,69,50	32,72	40,20	...	Total	...	5,85,46	5,82,70	19,24	16,48
1,00,86	98,18	...	2,18	Opening	Balance	Closing	91,88	84,98	...	6,90

27. The Revised estimates of revenue show a net deficit of 7,48 on the Budget. The important decreases anticipated are under the following heads :—

I, Land Revenue (including portion due to Irrigation, for which 15,25 were provided in the Budget under *I*, and which is now reduced to 13,70 owing to diminished cultivation resulting from deficiency of water on certain canals in Sind and is shown in the Revised under a separate major head No. *XXIX*)—15,72 made up of—

- (i) a decrease of 25,00 under "Provincial $\frac{1}{2}$ share" of Land Revenue (including revenue due to irrigation), due to unfavourable agricultural conditions;
- (ii) an increase of 87 under "Alienations," due to the revision of surveys in some districts; and
- (iii) a net increase of 8,41 under "Fixed allotment and adjustments," due mainly to the Imperial contribution to make up the deficit in the Provincial share of Land Revenue, partially counterbalanced by a contribution from Provincial to Imperial revenues in connection with the revised system of calculating interest on productive irrigation debt.

IV, Stamps.—50, due chiefly to the introduction of the Dekhan Agriculturists' Relief Act in several districts and the encouragement given for the settlement of suits by conciliators.

28. On the other hand, the Revised estimates indicate noticeable increases of revenue under the following heads :—

V, Excise.—2,75, due chiefly to the raising of still-head duty and of license-fees consequent on extension of the new system in several districts.

VIII, Assessed Taxes.—2,20, due to general improvement in trade, to a rise in the salaries and number of employees, and in the amounts held in Government and other securities.

IX, Forest.—2,00, due chiefly to improvement in the prices offered for coupes and teak trees on private lands in the Northern Circle, partially counterbalanced by smaller receipts in the Southern Circle, where the estimated quantity of timber and sleepers was not obtainable.

XXX, Irrigation—Minor Works and Navigation.—57, due to various miscellaneous causes.

XXXI, Civil Works.—90, due mainly to a receipt of 40 from the City of Bombay Improvement Trust for the construction of a new store-house for the Executive Engineer, Presidency, in place of the Mews taken over by the Trust, and to larger realisations from tolls on roads, rents on buildings and other miscellaneous causes.

29. On the expenditure side, the Revised estimates indicate a net saving of 2,76 on the Budget. The important decreases anticipated are under the following heads :—

3, Land Revenue.—1,57, due mainly to savings in the provisions for the cost of boundary marks, for the survey of talukdari villages, for the revision

of kanungo establishments in Sind, for the Jámrao Colonization charges, and for payments to officers of other provinces.

11, *Forest*.—1,00, due mainly to savings in the provisions for communications and buildings, for forest surveys, for the revision of subordinate establishments, and for the creation of two new charges.

19-A, *Courts of Law*.—97, due mainly to savings in the provisions for the Dekhan Agriculturists' Relief Courts, and for revisions of establishments and payments to officers of other provinces, partially counterbalanced by increased expenditure on account of the appointment of an Inspecting Judge and an Additional Judge at the High Court.

22, *Education*.—3,02, due chiefly to savings in the provisions for the revision of the Inspecting and Training College Staffs, for the equipment of the laboratory of the College of Science, for grants-in-aid, and for payments in support of Municipal schools in Bombay in consequence of the City of Bombay Police Charges Act (Bombay Act III of 1907). A portion of the provision for building grants was transferred to the Public Works Department and to the head *Contributions to Local* for the construction of school buildings.

24, *Medical*.—5,04, due mainly to the contribution towards the maintenance of hospitals payable by the Bombay City Municipality, and the cessation of the Government contribution on account of the Matunga Leper Asylum, in accordance with the City of Bombay Police Charges Act, 1907, and to savings in the provisions for salaries of officers, for payments to officers of other provinces, for the Bacteriological Laboratory, and for the requirements of the new Department of Bacteriology at the Grant Medical College.

26, *Scientific and other Minor Departments*.—2,08, due mainly to the non-utilization of the provision of 1,00 for the Agricultural College, in consequence of the construction of the College buildings not having progressed as rapidly as was anticipated, to savings in the grants for subordinate veterinary establishments and agricultural experiments, to the transfer of the provision for the Hyderabad Agricultural School to the head *Land Revenue*, to a contribution by the Bombay City Municipality towards the Prince of Wales Museum being taken by deduction from charges, and to the saving of the Government contribution towards the up-keep of the Victoria and Albert Museum, which has vested in the Corporation under Bombay Act III of 1907.

29, *Superannuation Allowances and Pensions*.—93, due to an over-estimate.

32, *Miscellaneous*.—1,29, due mainly to the non-utilisation of the provision for grants to municipalities for sanitary projects, and to smaller payments on account of rents, rates and taxes, partially counterbalanced by larger writes-off of loans to agriculturists.

42, *Irrigation—Major Works—Interest on debt*.—1,30, due mainly to the introduction of the revised system of calculating interest on productive debt.

43, *Irrigation—Minor Works and Navigation*.—94, due mainly to shorter outlay on the Mutha Canal.

30. The Revised estimates exhibit noticeable increases of expenditure under the following heads:—

2, *Assignments and Compensations*.—90, due mainly to arrear payments of some Land Revenue and Excise compensations and to the revision of surveys in some districts.

20, *Police*.—4,19, due mainly to the cessation of the contribution from the Bombay Municipality for police charges under Bombay Act III of 1907, partially counterbalanced by savings in the provisions for the Police Training School, for payments to officers of other provinces and for police in Political Agencies.

45, *Civil Works*.—8,81, due to additional allotments sanctioned for works and for discretionary grants to Commissioners for minor works.

Contributions to Local.—72, due mainly to additional grants for school buildings out of funds transferred from the head 22, *Education*, and to the payment of grants-in-aid due in 1906-07 for the maintenance of local roads in Sind, partially counterbalanced by the non-utilization during 1907-08 of the grant for special continuation schools, which has been transferred to the Budget of 1908-09.

31. The opening balance of the year 1907-08 was estimated in the Budget at 1,00,36. The actual revenue of the year 1906-07, however, fell short of the Revised estimates for that year by 6,16 and the expenditure by 3,98. The opening balance for 1907-08 was thus reduced to 98,18. According to the Revised estimates, the expenditure during the year exceeds the revenue by 13,20 and the closing balance is therefore estimated at 84,98.

SECTION III.

Budget Estimates of 1908-09.

32. The year 1908-09 is expected to open with a balance of 84,98 and to close with a balance of

80,76 to the credit of the Provincial account as shown in the following statement:—

	1907-08.		1908-09.	1908-09 more (+), or less (-), than 1907-08.	
	Budget.	Revised.	Budget.	Budget.	Revised.
Opening balance ...	1,00,86	98,18	84,98	-14,51	-12,33
Revenue ...	5,76,98	5,69,50	6,04,04	+27,08	+34,54
Expenditure ...	5,85,46	5,82,70	6,09,18	+23,67	+28,43
Closing balance ...	91,98	84,98	80,76	-11,12	-4,22

* This is the balance of the Government Central Book Depot Fund merged in Provincial revenues.

The details of the revenue and expenditure figures by major heads are given in Appendix B.

Refunds—1.

33. Since 1905-06 the division of expenditure between Imperial and Provincial has followed the revised shares of the corresponding revenue heads. Thus under Land Revenue, Stamps and Excise, the expenditure on refunds is half Imperial and half Provincial. The Provincial figures are:—

	Actuals.			1907-08.		1908-09.
	1904-05.	1905-06.	1906-07.	Budget.	Revised.	Budget.
Refunds.	1,99	2,99	2,56	2,73	3,16	2,67

The new Budget provides for normal charges. The Revised for the last year was high as certain amounts wrongly credited as Land Revenue in 1906-07 were transferred to tagai advances in 1907-08.

Assignments and Compensations—2.

34. The Provincial figures given below show a large decline since 1905-06 owing to the re-classification of cash charges between Imperial and Provincial under which opium, salt and customs compensations are treated as Imperial and land revenue and excise compensations are divided equally between Imperial and Provincial:—

	Actuals.			1907-08.		1908-09.
	1904-05.	1905-06.	1906-07.	Budget.	Revised.	Budget.
Cash ...	15,65	9,00	8,65	8,47	8,74	9,55
Alienations...	78,94	78,56	79,04	78,86	79,49	79,46
Total ...	94,59	87,56	87,69	87,33	88,23	89,01

The increase under cash payments is due mainly to the additions of 77 (Provincial share) on account

of contributions payable to Local Boards in lieu of one anna cess on excise revenue hitherto charged under *Contributions to Local*, and of 27 in connection with the proposed lease of abkari revenue of the Sachin State. Under "Alienations" the new Budget follows the last year's Revised, the increase as compared with the Budget of 1907-08 being due to the revision of surveys in some districts.

I.—Land Revenue—3.

35. Since 1905-06 the revenue has been divided equally instead of in the proportions of 1 and 3 between Provincial and Imperial. The Provincial figures are:—

	Actuals.			1907-08.		1908-09.
	1904-05.	1905-06.	1906-07.	Budget.	Revised.	Budget.
<i>Revenue.</i>						
Provincial share ...	85,10	1,77,13	2,09,57	2,05,00	1,66,80	1,97,66
Alienated ...	90,82	90,62	91,26	90,90	91,77	91,73
Fixed allotment and adjustments ...	1,79,23	69,63	75,61	80,82	89,23	88,68
Total ...	3,55,15	3,37,38	3,76,44	3,76,72	3,47,80	3,78,07
<i>Expenditure.</i>						
Charges of District Administration ...	33,40	32,04	33,54	35,06	34,50	36,70
Survey and Settlement.	1,06	1,03	88	1,31	1,10	1,30
Land Records and Agriculture ...	21,55	22,93	27,40	28,70	28,00	30,19
Allowances to District and Village officers ...	13,11	13,28	13,24	13,44	13,34	13,48
Lump deduction for probable saving ...	...	...	...	...	...	-1,67
Total ...	69,12	69,28	75,06	78,51	76,94	80,00

Until last year it was the practice to divide the gross land revenue collections between Imperial and Provincial before deducting from them the portion due to Irrigation, the deduction being wholly made from the Imperial share of Land Revenue and credited to the head *XXIX, Irrigation—Major Works* as an Imperial receipt. It has now been decided to deduct from the head *I, Land Revenue* the revenue due to irrigation and to transfer it to the head *XXIX, Irrigation—Major Works*, where it will be shared equally between Imperial and Provincial. Taking the heads *I* and *XXIX* together, the reclassification does not involve any loss or gain to Provincial or Imperial, and if it had been introduced when the Budget of last year was framed, the "Provincial share" under *I, Land Revenue* would have been 1,89,75 instead of 2,05,00.

(a) The new Budget under "Provincial share" of divided revenue is framed in the expectation that the agricultural conditions of the year will be

normal. The unsatisfactory character of the monsoon of 1907 necessitated the grant of specially large remissions and suspensions. With a normal season in the current year it is hoped that it will be possible to recover a proportion of the suspended revenue, in addition to the current demand. Under "Alienations" the Budget follows the last year's Revised, the increase over the last year's Budget being due to the revision of surveys in some districts. The provision of 88,68 under "Fixed allotment and adjustments" is made up of—

- (a) Fixed allotment under the Settlement ... 42,77
 (β) Additional assignments to Provincial on account of—

Land Revenue.

- (i) Provincialisation of the Sind Village Officers' Cess Fund ... 2,50
 (ii) Division of the Khándesh District ... 70
 (iii) Transfer to the Civil Department of the work of payment of Military Pensions at the treasuries in the Southern Konkan ... 5
 (iv) Mirpur Khas Town expansion scheme ... 1

General Administration.

- (v) Remission of audit fees hitherto recovered from certain Local Bodies ... 67
 (vi) Introduction of the Local Audit scheme ... 9

Law and Justice—Courts of Law.

- (vii) Revision of the Sind Sadar Court ... 44

Police.

- (viii) Police Reorganization ... 9,50
 (ix) Additional Police reforms ... 4,25
 (x) Provincialization of charges in connection with Cantonment Police ... 50
 (xi) Relief of Municipalities from Police charges. ... 5

Education.

- (xii) Primary Education ... 5,00
 (xiii) Development of Technical and Industrial Education ... 1,67
 (xiv) Grant-in-aid to the Rájkot Chiefs' College . 86
 (xv) Grant-in-aid to the University ... 65
 (xvi) European and Eurasian Education ... 35

Medical.

- (xvii) Special expenditure in connection with sanitation ... 4,50

Scientific and other Minor Departments.

- (xviii) Agriculture and Veterinary Development . 3,50

Stationery and Printing.

- (xix) Adjustment of stores, etc., supplied by the Central Press, Calcutta, to Provincial Presses ... 5

Famine Relief.

- (xx) Famine Relief scheme ... 13,70

Civil Works.

- (xxi) Grants-in-aid to District Local Boards ... 7,00

Total ... 98,81

Deduct—

(7) Contribution to Imperial on account of—

Assignments and Compensations.(i) Revised treatment of 2, *Assignments and Compensations*... .. 7,41

(ii) Change in classification of the contribution paid to Local Boards in lieu of the one anna cess on excise revenue ... 78

Law and Justice—Courts of Law.

(iii) Imperialization of the charges of Cantonment Magistrates 70

Irrigation Major Works.

(iv) Revised system of calculating interest on productive debt 1,24

Total ... 10,13

Net Assignment to Provincial ... 88,68

(b) The increase under "Charges of District Administration" is due to larger provisions for famine and other temporary establishments, construction and repairs of chavdis, boundary marks, and survey of talukdári villages, and to lump provisions for additional tagai establishments, including those connected with the grant of loans to sugarcane cultivators on the Nira Canal, grain compensation, and discretionary grants to Commissioners and other heads of offices to meet unforeseen charges. Under "Survey and Settlement" the Budget differs but slightly from that for the last year, the increase over the last year's Revised being due mainly to larger charges on account of the Photozincographic Department, and to smaller recoveries on account of demarcation and division of waste lands in Sind. The increase under "Land Records and Agriculture" is due mainly to the provisions made for an expert Surveyor and land valuer, for the introduction of city survey in the towns of Godhra and Bandra, for establishments for the re-arrangement of papers in the Alienation Office, Poona, and for the partition of estates in the Ratnágiri District, and for temporary village establishments in connection with the scarcity. Increased provision has been made for the revision of tapedars' establishments in Sind, for the training of talatis and circle inspectors in survey work, and for the demarcation of waste lands in Sind. The small increase under "Allowances to district and village officers" is due mainly to extra allowances in connection with the scarcity.

IV.—Stamps—6.

36. Since 1905-06 revenue and expenditure under this head have been divided equally instead of in the proportions of 1 and 3 between Imperial and Provincial. The Provincial figures are:—

	Actuals			1907-08.		1908-09.
	1904-05.	1905-06.	1906-07.	Budget.	Revised.	Budget.
Revenue ...	48,08	32,40	31,31	32,50	32,00	32,35
Expenditure.	1,76	1,19	1,05	1,17	1,10	1,16

(a) The revenue Budget allows for an improvement of 35 over the last year's Revised, chiefly on account of sales of general stamps.

(b) The increase in the expenditure Budget as compared with the last year's Revised is due to larger provision for charges on account of district establishments and stamp paper supplied from Central Stores.

V.—Excise—7.

37. Since 1905-06 revenue and expenditure under this head have been divided equally instead of in the proportions of 3 and 1 between Imperial and Provincial. The Provincial figures are:—

	Actuals.			1907-08.		1908-09.
	1904-05.	1905-06.	1906-07.	Budget.	Revised.	Budget.
Revenue ...	34,91	71,34	74,18	77,50	80,25	82,50
Expenditure.	1,18	2,61	2,69	3,50	3,25	4,88*

* This is the major head estimate after deduction of 58 for probable saving, the total of the details in the Civil estimates being 5,44.

(a) The increase of revenue is due mainly to the raising of the still-head duty in some districts and to improvement in the system of management and in inspection. Increased receipts are anticipated also on account of fees for retail licenses of country spirit.

(b) The increase in the expenditure Budget is due to larger provisions for inspecting, preventive and clerical establishments, and for the share (now fixed at three-sevenths) of the cost of the combined Salt and Excise Department in Sind. which is debitable to this head, and to provisions for grain compensation, for first year's supply of clothing to menial establishments and for the purchase of plant of certain distilleries which have been abolished.

VIII.—Assessed Taxes—10.

38. The Provincial figures are:—

	Actuals.			1907-08.		1908-09.
	1904-05.	1905-06.	1906-07.	Budget.	Revised.	Budget.
REVENUE.						
Salaries and Pensions ..	3,97	4,16	4,43	4,25	4,55	4,65
Profits of Companies.	1,86	2,10	5,00	4,00	4,60	4,75
Interest on Securities...	1,48	1,62	1,75	1,64	1,85	1,92
Other sources of income...	10,88	10,97	11,92	11,40	12,49	12,66
Total ...	18,19	18,85	23,10	21,29	23,49	23,98
Expenditure.	39	39	42	41	40	45

(a) The increase in the revenue Budget is due to a general rise in trade, and to higher receipts from the tax on salaries and interest on securities.

(b) The expenditure Budget provides for normal charges with a small addition for extra establishment and for allowances to establishments in Bombay City.

IX.—Forest—11.

39. The Provincial figures are:—

	Actuals.			1907-08.		1908-09.
	1904-05.	1905-06.	1906-07.	Budget.	Revised.	Budget.
Revenue	15,10	17,42	17,11	16,50	18,50	19,00
Expenditure	9,52	10,63	9,95	10,75	9,75	10,50*

* This is the major head estimate after deduction of 56 for probable saving, the total of the details in the Civil estimates being 11,06.

(a) The increase of the current year's revenue Budget as compared with the last year's estimates is due to anticipated improvement in the receipts from timber and other forest produce, chiefly in the Southern and Central Circles. The large receipts from teak trees on private lands in the Northern Circle included in the last year's Revised are not expected to recur to the same extent in the current year.

(b) The increase in the expenditure Budget over the last year's estimates is due chiefly to the cost of meeting the larger demands for timber and other forest produce, especially in the Southern and Central Circles, to provisions for the purchase of elephants, construction of a tramway and extension of monorails in the Southern Circle, and the preparation of an illustrated Forest Flora, and to larger provisions for forest works in Sind, and for salaries of officers.

X.—Registration—12.

40. Since 1905-06 revenue and expenditure under this head have been treated as wholly Provincial instead of being equally shared between Imperial and Provincial. The Provincial figures are:—

	Actuals.			1907-08.		1908-09.
	1904-05.	1905-06.	1906-07.	Budget.	Revised.	Budget.
Revenue	2,98	6,74	6,55	6,85	6,90	7,20
Expenditure	1,42	3,09	3,11	3,45	3,27	3,42

(a) The revenue Budget provides for a moderate increase in view of the normal expansion of the operations of the department.

(b) The expenditure Budget provides for an additional Inspector (with his establishment) and for the cost of Sub-registrars and their karkuns in accordance with the revision scheme sanctioned last year. The savings in the last year's Revised were due to delay in introducing the scheme.

XII.—Interest—13.

41. The Provincial figures are :—

	Actuals.			1907-08.		1908-09.
	1904-05.	1905-06.	1906-07.	Budget.	Revised.	Budget.
	Revenue ...	5,40	4,70	5,38	7,84	7,72	7,64
Expenditure.	6,19	6,10	6,90	6,21	6,53	6,90

(a) The decrease in the revenue Budget is due chiefly to the absence of the provision for recoveries of arrears from municipalities which were included in the last year's Budget and Revised. On the other hand, a moderate increase is expected from interest on loans to cultivators on the assumption that the season will be normal.

(b) The increase in the expenditure Budget is due to a rise in the amount of interest payable by Provincial on the mean balance of the loans provided by the Government of India, the balance having risen owing to larger amount provided for advances to cultivators, to smaller recoveries expected from them, and to a special provision for loans to the Gujarát talukdárs.

The amount allotted by the Government of India for loans is distributed as shown below :—

(i) Loans to cultivators—

Northern Division ...	10,10
Central „ ...	14,50
Southern „ ...	3,50
Sind ...	6,25
Reserve with Government ...	50
	34,85

(ii) Loans to Talukdárs in Gujarát and to Incumbered Estates in Sind. ... 8,57

(iii) Loans to local bodies on account of public works, plague, etc. ... 1,58

(iv) Loans for the purposes of the Co-operative Credit Societies Act ... 15

Total ... 45,15

General Administration—18.

42. The Provincial figures are :—

	Actuals.			1907-08.		1908-09.
	1904-05.	1905-06.	1906-07.	Budget.	Revised.	Budget.
	Expenditure.	14,65	15,68	14,57	15,41	15,68	16,50

The increase over the last year's Budget is due to (i) a lump provision of 71 for the grant of local allowance to Provincial clerical establishments in Bombay City, (ii) the remission of audit fees which were hitherto recovered from certain local bodies and taken by deduction from charges, (iii) addi-

tional charges on account of Civil Secretariats, and (iv) purchase of tents for the Commissioner in Sind. The increase over the last year's Revised is due mainly to the causes mentioned under (i) and (iv) above.

XVI-A.—Law and Justice, Courts of Law—19-A.

43. The figures are:—

	Actuals.			1907-08.		1908-09.
	1904-05.	1905-06.	1906-07.	Budget.	Revised.	Budget.
Revenue ...	4,35	4,78	5,08	5,50	5,20	5,50
Expenditure...	49,20	50,00	50,92	52,22	51,25	52,20*

* This is the major head estimate after deduction of 50 for probable saving, the total of the details in the Civil estimates being 52,70.

(a) The increase in the revenue Budget over the last year's Revised is due mainly to receipts anticipated by the Administrator General on account of some large estates which are liable for transfer to Government this year.

(b) As compared with the last year's Budget, the expenditure Budget provides for increased charges on account of (i) an additional High Court Judge for seven months, (ii) establishment and contingent charges of the Judicial Commissioner of Sind, (iii) salaries and establishments of Subordinate Judges and (iv) process serving establishments. These increases are partially counterbalanced by smaller expenditure on account of the Dekhan Agriculturists' Relief Courts, and payments to officers of other provinces. The increase as compared with the last year's Revised is due to the causes mentioned under (ii) to (iv) above, to the lump provision for village munsiffs and conciliators, and to higher provision for salaries and establishments under "Criminal Courts."

XVI-B.—Law and Justice, Jails—19-B.

44. The figures are:—

	Actuals.			1907-08.		1908-09.
	1904-05.	1905-06.	1906-07.	Budget.	Revised.	Budget.
Revenue ...	1,93	1,92	2,21	2,21	2,15	2,30
Expenditure	7,74	8,28	8,93	8,65	8,45	9,00*

* This is the major head estimate after deduction of 25 for probable saving, the total of the details in the Civil estimates being 9,25.

(a) In view of greater activity in jail industries a moderate increase has been provided for under the revenue Budget.

(b) The increase in the expenditure Budget is due chiefly to the contemplated revision of warders' establishments and to increased provision for dietary charges and jail manufactures.

XVII.—Police—20.

45. The figures are :—

	Actuals.			1907-08.		1908-09.
	1904-05.	1905-06.	1906-07.	Budget.	Revised.	Budget.
Revenue ...	4,91	4,18	4,46	4,21	4,62	4,25
Expenditure—						
Cash ...	58,37	59,87	66,05	68,06	72,19	68,26
Alienations ..	4,88	4,93	4,98	4,94	5,00	4,99
Total ...	68,25	64,80	71,03	73,00	77,19	88,25*

* This is the major head estimate after deduction of 1,22 on account of probable saving, the total of the details in the Civil estimates being 89,47.

(a) As compared with the last year's Budget the revenue Budget provides for larger recoveries from employers of *ramoshis*, and for increased miscellaneous receipts, but the increase is partially counterbalanced by the absence of receipts from abkari farmers in consequence of the replacement of excise police by abkari peons. The decrease as compared with the last year's Revised is due to the absence of receipts from abkari farmers, partially counterbalanced by increased recoveries from private employers of *ramoshis*.

(b) The increase in the expenditure Budget as compared with the last year's estimates is due chiefly to increased provision for charges connected with the police reorganization and reforms, and the absence of the contribution hitherto paid by the Bombay Municipality towards the cost of "Presidency Police," which will be borne wholly by Government under the City of Bombay Police Charges Act, 1907. The Budget also includes provision for grain compensation and temporary famine police charges, increased house rent allowance to the Bombay City Police and rent of quarters for Sub-Inspectors, grants-in-aid to mounted police funds, abolition of cuttings from the pay of policemen on account of conservancy funds, allowances to heads of village police in connection with the famine, and revision of the office establishment of the Commissioner of Police, Bombay. Increased provision has been made under "Supplies and services" and "Contingencies" of the "District Executive Force", chiefly on account of clothing charges, special rewards, petty repairs, and supply of arms.

XVIII.—Ports and Pilotage—21.

46. The nomenclature of this major head has now been changed from *Marine* to *Ports and Pilotage*. The figures are :—

	Actuals.			1907-08.		1908-09.
	1904-05.	1905-06.	1906-07.	Budget.	Revised.	Budget.
Revenue ...	81	79	84	91	94	1,00
Expenditure.	45	41	45	50	55	57

(a) The revenue Budget provides for a normal increase in receipts from registration and other fees.

(b) The increase in the expenditure Budget is due mainly to higher provision for rent of the Shipping Office, Bombay, and for fees for overtime work.

XIX.—Education—22.

47. The figures are :—

	Actuals.			1907-08.		1908-09.
	1904-05.	1905-06.	1906-07.	Budget.	Revised.	Budget.
Revenue ...	3,20	3,57	3,73	3,75	3,86	4,20
Expenditure.	22,93	24,35	26,96	31,52	28,50	43,82*

* This is the major head estimate after deduction of 2,00 for probable saving, the total of the details in the Civil estimates being 45,82.

(a) The increase in the revenue Budget is due to anticipated improvement in fee receipts, and to provision for royalty on the sale of the Vernacular Reading Series and for sale proceeds of Sanskrit Books which were hitherto credited to the Government Central Book Depot Fund.

(b) The increase in the expenditure Budget is due mainly to the transfer to this head of 10,71 on account of grants to Local Boards for primary schools and continuation and industrial schools, which were hitherto charged to the head *Contributions to Local*, and to the provisions made for the following items :—

(i) Hostels in connection with High Schools	2,00
(ii) Arrears of grant-in-aid to the Rajkumar college	61
(iii) Increase in the pay of teachers in primary schools	50
(iv) Additional grants in connection with the education of European and Eurasian children... ..	40
(v) Publication of the Sanskrit series (a charge hitherto debited to the Government Central Book Depot Fund) .	25
(vi) Unutilized portion of the last year's grant for continuation schools transferred to this year	21
(vii) Revision of salaries of Head Masters in High Schools	17
(viii) Purchase of land for play grounds for High Schools	12
(ix) Inspector of Drawing	8
(x) Additional Professor of Geology and Zoology, College of Science	5

The Budget includes the normal provision of 65 for reforms necessitated by the Indian Universities Act, 1904. A provision of 1,67 is also made as shown below against the Imperial assignment for technical and industrial education :—

(i) Development of technical education ...	1,55
(ii) Additional expenditure at the Sir J. J. School of Art for a Superintendent of Pottery, a course of lectures to the Architectural Class, standard pattern of books of the principal indigenous art industries, etc.	8
(iii) Instructor of the Normal Class, College of Science	3
(iv) Manual Training Class at the Belgaum High School	1

Total 1,67

The special grant of 5,00 for primary education is distributed under the following heads :—

(i) Grants-in-aid	...	...	...	3,00
(ii) Building Grants	...	...	...	1,00
(iii) Inspection	...	...	...	56
(iv) Government Schools, Special	...	...	...	44
Total				5,00

As compared with the last year's Budget the reduction of 73 under "Payments in support of Municipal Schools" and of 6 under "Grants-in-aid to Primary and Indigenous Local Schools" is due to the omission of the grants to primary schools in Bombay City, which are now taken as a set-off against police charges under the City of Bombay Police Charges Act, 1907.

48. The expenditure estimate of 43,82 mentioned above is exclusive of the following items, which are provided under other heads, for purposes connected with education :—

(i) Construction and maintenance of Government educational buildings	...	...	4,61
(ii) The Grant Medical College and the Medical Schools at Poona, Ahmedabad and Hyderabad	...	...	2,84
(iii) The Agricultural College at Poona	...	...	64
(iv) The Veterinary College in Bombay and the Veterinary Class at Poona (exclusive of 31 borne by Imperial revenues on account of the salary and exchange compensation allowance of the Principal and Assistant Principal, Veterinary College, Bombay)	...	...	31
(v) Allowances to Dakshina Fellows and others	...	...	21
(vi) Donations to Scientific Societies	...	...	10
(vii) Preservation and translation of ancient manuscripts	...	...	3
Total				8,74

The total Provincial expenditure on educational objects in 1908-09 is thus estimated at 52,56.

XX.—Medical—24.

49. The figures are :—

	Actuals.			1907-08.		1908-09.
	1904-05.	1905-06.	1906-07.	Budget.	Revised.	Budget.
Revenue ...	2,14	2,20	2,23	2,20	2,23	2,22
Expenditure.	20,74	22,04	22,02	24,00	18,96	27,88*

* This is the major head estimate after deduction of 1,45 for probable saving, the total of the details in the Civil estimates being 29,33.

(a) The revenue Budget provides for small increases in Medical College Fees and other receipts, partially counterbalanced by the omission of the contribution payable by the Bombay Municipality towards the Jaffer Suleman Dispensary, which has ceased under the City of Bombay Police Charges Act, 1907.

(b). The increase as compared with the last year's estimates is due mainly to the provision for (i) special expenditure in connection with sanitation, for which an assignment of 4,50 has been made from Imperial revenues, (ii) grants (1,00) to municipalities for sanitary objects, for which provision was made last year under 32, *Miscellaneous*, (iii) equipment and additional establishments, dieting and contingent charges, and grants in aid of nursing at hospitals, (iv) allotments to Collectors for expenditure on evacuation, inoculation and rat destruction, (v) larger expenditure on establishment and supplies and services of the Bombay Bacteriological Laboratory owing to increased demand for the plague prophylactic, and (vi) additional staff at the J. J. Hospital and the Grant Medical College in connection with the teaching of the new M. B., B. S. course. The increase is partially counterbalanced by provision for the additional contribution payable by the Bombay Municipality towards the cost of hospitals and by the cessation of the Government contribution towards the upkeep of the Matunga Leper Asylum in accordance with the provisions of the City of Bombay Police Charges Act, 1907.

Political—25.

50. The Provincial figures are:—

	Actuals.			1907-08.		1908-09.
	1904-05.	1905-06.	1906-07.	Budget.	Revised.	Budget.
Expenditure.	3,75	3,94	4,29	4,38	4,17	4,28

The decrease as compared with the last year's Budget is due to smaller provision for payments to officers of other provinces, partially counterbalanced by increased expenditure on salaries due to the re-organization of the Political Department. As compared with the last year's Revised, larger provision is made in the new Budget mainly for salaries of officers and payments to officers of other provinces.

XXI.—Scientific and other Minor Departments—26.

51. The Provincial figures are:—

	Actuals.			1907-08.		1908-09.
	1904-05.	1905-06.	1906-07.	Budget.	Revised.	Budget.
Revenue	26	50	53	52	68	87
Expenditure.	2,94	6,95	5,29	8,10	6,02	6,69

(a) The increase in the revenue Budget is due mainly to larger receipts expected at the Poona, Surat, Dhárwár and Manjri farms, and from fees for the Vernacular Final Examination.

(b) The decrease in the expenditure Budget as compared with the last year's Budget occurs chiefly under (i) "Provincial Museums," due to the absence

of the special provision made last year for contribution to the Prince of Wales Museum for Western India and to the cessation, under the City of Bombay Police Charges Act, 1907, of the contribution payable by Government for the Victoria and Albert Museum, and (ii) "Experimental Cultivation," due mainly to the absence of the special provision of 1,00 made last year for the Agricultural College, and to the transfer of the charges of the Agricultural School, Hyderabad, to the head, 3, *Land Revenue*, partially counterbalanced by increased provision for supplies and services and salaries of the staff of the Agricultural College. Grants to local veterinary dispensaries, which were hitherto debited to the head *Contributions to Local* have now been provided for under this head. The increase as compared with the last year's Revised is due to this change of classification, to larger provision for expenditure connected with the Agricultural College, and to a lump provision for the development of subordinate veterinary establishments.

52. The special grant of 3,50 made by the Government of India for Agricultural and Veterinary development is distributed in the Budget as shown below:—

(i) Buildings connected with the Agricultural College, Poona, and on Agricultural stations under 45, <i>Civil Works</i> ..	...	1,77
(ii) Experimental cultivation ...	...	1,43
(iii) Reorganization of the Subordinate Civil Veterinary Service ...	...	30
		Total ... 3,50

The provision made under "Experimental Cultivation" in the Budget of 1904-05, on which the current Provincial settlement was based, was 1,10, while that in the current year's Budget is 3,93. Out of the difference of 2,83 a sum of 1,43 is provided from the Imperial contribution of 3,50 mentioned above, while about 38 on account of the Director of Agriculture and his establishment have been transferred to this head from 3, *Land Revenue*. The balance of 1,02 may be taken as the extra provision made for the current year from ordinary Provincial resources.

XXII.—*Superannuation Allowances—29.*

53. The Provincial figures are:—

	Actuals.			1907-08.		1908-09.
	1904-05.	1905-06.	1906-07.	Budget.	Revised.	Budget.
Revenue ...	1,98	2,06	2,06	2,12	2,20	2,20
Expenditure .	23,45	24,03	23,09	26,75	25,82	27,02

(a) The revenue Budget follows the last year's Revised.

(b) The expenditure Budget allows for the normal growth of pension charges.

XXIII.—Stationery and Printing—30.

54. The Provincial figures are:—

	Actuals.			1907-08.		1908-09.
	1904-05.	1905-06.	1906-07.	Budget.	Revised.	Budget.
Revenue ...	86	84	79	84	90	86
Expenditure.	11,16	10,60	11,74	11,58	11,92	11,91

(a) The revenue Budget provides for normal receipts. The last year's Revised included large receipts from the sales of *Government Gazettes* and other publications.

(b) The increase in expenditure over the last year's Budget is due mainly to an increased demand by the Government Presses for printing paper, and to the substitution of country-made for imported paper. The increase is partially counterbalanced by smaller expenditure under "Government Presses."

XXV.—Miscellaneous—32.

55. The Provincial figures are:—

	Actuals.			1907-08.		1908-09.
	1904-05.	1905-06.	1906-07.	Budget.	Revised.	Budget.
Revenue ...	95	1,25	61	1,10	66	78
Expenditure.	2,50	2,89	3,58	4,13	2,84	2,38

(a) The decrease in revenue as compared with the last year's Budget is due mainly to the abolition of fees charged for the audit of Local Fund Accounts, partially counterbalanced by anticipated refund by a Local Board of a part of the contribution formerly paid to it from Provincial revenues. The increase over the last year's Revised is due mainly to this refund.

(b) The decrease in expenditure as compared with the last year's Budget is due mainly to the absence of the provisions for (i) grants to municipalities for sanitary projects, which now appear under the head *24, Medical* and (ii) arrears of rates and taxes on Government buildings in Bombay City. The decrease is partially counterbalanced by larger provision for the writing off of irrecoverable temporary loans.

Famine Relief—33.

Reduction or Avoidance of Debt—36.

56. The Provincial figures are:—

	Actuals.			1907-08.		1908-09.
	1904-05.	1905-06.	1906-07.	Budget.	Revised.	Budget.
33, Famine Relief ...	28	2,68	9,37	...	...	...
36, Reduction or Avoidance of Debt ...	...	...	...	13,70	13,70	13,70

In accordance with the new arrangement for the incidence of famine charges described in paragraph 15 of the Financial Statement for 1907-08, an annual assignment of 13,70 is made from Imperial to Provincial for the purpose of building up a reserve of credit upto a maximum of 80,00. *Per contra*, these assignments are debited in the Provincial account to the expenditure head No. 36. A separate administrative account is kept of the accumulations to the credit of the Local Government. Direct famine expenditure is to be charged against Imperial revenues under the head 33, until the amount to the credit of the Local Government is exhausted. This expenditure is estimated at 34 during 1907-08 and 5,00 during 1908-09. According to these estimates the separate administrative account will show at the end of this year a balance of 22,06 (27,40 minus 5,34) to the credit of the Local Government.

Miscellaneous Railway Expenditure—41.

57. The Provincial figures are :—

	Actuals.			1907-08.		1908-09.
	1904-05.	1905-06.	1906-07.	Budget.	Revised.	Budget.
	13	21
Expenditure.	13	21

With a view to relax the stringency of the control exercised by Government over the affairs of Railway Companies, the Government of India have issued orders for the abolition of the combined office of Secretary to Government, Public Works Department (Railway), and Consulting Engineer for Railways, Bombay. This officer was also the expert adviser of this Government in all railway matters, although the expenditure connected with his office was borne by Imperial revenues. In order to provide temporarily for such expert advice in the conduct of its remaining Railway business this Government has, with the approval of the Government of India, sanctioned for a period of six months from 1st January 1908 the appointment of a Joint Secretary to Government, Public Works Department, Railway Branch, with office establishment for him. Expenditure amounting to 6 and 13 respectively is estimated on this account during the years 1907-08 and 1908-09. The remaining expenditure of 7 in the last year and 8 in the current year is on account of the survey of the proposed Kalyan-Belapur-Panvel-Karjat-Nagothna Light Railway.

XXIX & XXX.—Irrigation—42 & 43.

58. Under the old Settlement the receipts and charges on account of the Gokák Canal, 1st Section, and Storage Works were the only Provincial items under the heads *XXX and 43, Irrigation*. Since

1905-06 the revenue heads *XXIX, Irrigation—Major Works—Direct Receipts* and *XXX, Irrigation—Minor Works and Navigation*, and the expenditure heads *42, Irrigation—Major Works—Working Expenses and Interest* and *43, Irrigation—Minor Works and Navigation* have been treated as half Provincial and half Imperial. The Provincial share of the receipts under *XXIX, Irrigation—Major Works—Portion of Land Revenue due to Irrigation* was until the beginning of 1907-08 included in the "Provincial $\frac{1}{2}$ share" under the head *I, Land Revenue*. The Provincial figures are :—

	Actuals.			1907-08.		1906-09.
	1904-05.	1905-06.	1906-07.	Budget.	Revised.	Budget.
<i>Revenue.</i>						
<i>XXIX, Major Works—</i>						
{ Portion of Land Revenue due to Irrigation	...	...	...	...	13,70	14,84
{ Direct Receipts	...	5,10	4,60	5,07	5,46	5,70
<i>XXX, Minor Works and Navigation...</i>	34	1,57	1,51	1,43	2,00	2,61
Total	34	6,67	6,11	6,50	21,16	22,15
<i>Expenditure.</i>						
<i>42, Major Works—</i>						
{ Working expenses.	...	5,22	5,18	5,19	5,35	5,34
{ Interest on debt	...	8,94	7,87	9,34	8,04	8,35
<i>43, Minor Works and Navigation</i>	11	15,49	13,79	15,94	15,00	16,11
Total	11	29,75	26,79	30,47	28,39	29,80

The foregoing statement should not be taken as a complete indication of the profitableness of our irrigation works, because a considerable amount of land revenue due to irrigation is earned by Minor Works, but no separate account of it is taken in the Budget.

(a) The increase over the last year's Revised under land revenue due to irrigation occurs in Sind, and is due chiefly to anticipated increase in the cultivation on the Dad, Nasrat and Eastern Nára Canals. Out of the total revenue of 7,31 expected under *XXIX, Major Works—Direct receipts* and *XXX, Minor Works and Navigation* a sum of 5,30 is estimated in connection with irrigation works in the Deccan and Gujarát, chiefly the Mutha, Nira, Gokák and Krishna Canals and the Ekruk Tank, and the balance of 2,01 is estimated for works in Sind, chiefly the Desert, Begari, and Fuleli Canals and the Eastern Nára works. The increase over the last year's estimates under *Direct receipts* is due chiefly to larger demand for water and extension of rabi cultivation. The increase over the last year's Budget under *XXX* is due to larger receipts from the Khari Cut in Gujarát and from certain works in Sind. The Revised for the last year under *XXX* included recovery of outstandings in the Sátára District.

(b) The provision for expenditure in 1908-09 is distributed as shown below :—

	Major Works.			Minor Works.		
	Deccan and Gujarat.	Sind.	Total.	Deccan and Gujarat.	Sind.	Total.
Original works ...	8	12	20	2,39	1,08	3,47
Maintenance and repairs.	53	2,82	3,35	1,77	7,08	8,85
Establishment ...	37	1,80	1,67	85	2,59	3,44
Tools and plant ...	5	6	11	8	27	35
Refunds ...	1	...	1	...	...	...
Interest Account ...	4,01	4,34	8,35	...	...	...
Total ...	5,05	8,64	13,69	5,09	11,02	16,11

The increase over the last year's Budget under 42, *Major Works—Working expenses* is due to additional provision for the Eastern Nára, Dad and Nasrat Canals. The decrease in the interest charge is due to the introduction of the revised system of calculating interest on productive debt, the increase over the last year's Revised being due to the larger provision for the Godávári and Mutha Canals in 1908-09. The increase under 43 over the last year's Budget is due chiefly to larger provision for establishment necessitated by the formation of the new Godávári Irrigation District. The last year's Revised is low owing to short outlay on the Mutha Canal.

XXXI.—Civil Works—45.

59. The number of this major head has now been altered from XXXII to XXXI on the receipt side. The Provincial figures are :—

	Actuals.			1907-08.		1908-09.
	1904-05.	1905-06.	1906-07.	Budget.	Revised.	Budget.
<i>Public Works Department.</i>						
Revenue ...	6,46	6,61	7,30	7,20	8,10	6,90
Expenditure.	45,49	53,97	61,60	66,23	75,00	67,87
<i>Civil Department.</i>						
Revenue ...	7	7	8	7	7	7
Expenditure.	54	1,10	94	14	18	8,06

(a) The decrease in the Public Works receipts as compared with the last year's Budget is due to the abolition of tolls on certain Provincial roads referred to in paragraph 14 above.

(b) The expenditure Budget of 1908-09 is distributed as follows :—

<i>Original Works.</i>		
Civil Buildings	...	29,16
Communications	...	4,92
Miscellaneous Public Improve- ments	...	41
Reserve	...	4,59
		39,08
<i>Repairs.</i>		
Civil Buildings	...	5,01
Communications	...	11,13
Miscellaneous Public Improve- ments	...	25
		16,39
Establishment	...	11,20
Tools and Plant	...	70
		Total 67,37

The provision of 39,08 for original works is made up of 24,23 for major works in progress, 10,26 for new major works, 3,64 for minor works, including 20 for works in connection with the plague, and 95 Reserve with Government. The provision of 29,16 for "Original Works—Civil Buildings" is distributed as shown below :—

Medical	...	7,83
Administration	...	6,15
Education	...	4,30
Police	...	4,54
Miscellaneous	...	2,23
Jails	...	1,46
Law and Justice	...	2,52
Ecclesiastical (Provincial)	...	11
		Total ... 29,16

The grant for works in progress will be spent chiefly on—

- (i) New Distillery at Godhra (42), Mamlatdar's Kacheri at Dholka (20), Central Record Room for the Káthiáwár Political Agency at Rájkot (20), Mamlatdars' Kacheris at Málegaon (21) and Navalgund (24);
- (ii) Quarters for students of the Grant Medical College in the compound of the Sir J. J. Hospital and subsidiary buildings (60), Lecture theatre in connection with the Grant Medical College (56), New building in the compound of the Sir J. J. School of Art, Bombay, (20), Additions to the main building to accommodate the Physics Department and new Chemistry and Geology buildings in connection with the College of Science, Poona (42), and Agricultural College and Research Institute Buildings, Poona (1,54);
- (iii) Installing Electric light, lift and fans in the High Court Building, Bombay (81), Coroner's Court and Pathological and Police Surgeon's Laboratory in connection with Public Morgue and Hospital Mortuaries in the Sir J. J. Hospital, Bombay, and a refrigerating room and apparatus in the mortuary, etc. (58);
- (iv) Acquisition of land for the New Jail for the city of Bombay (100);
- (v) Police Training School, Násik (25), Police Lines, Malcolm Peth, Sátára District (20), Head-Quarter Police Lines, Kárwár (20);

- (vi) Hostel for the medical students and quarters for the Resident Assistant Surgeon at the B. J. Medical School, Ahmedabad (26), Additions and alterations to the Lunatic Asylum at Ahmedabad (27), Out-patient Department in the compound of the St. George's Hospital, Bombay (33), Quarters for the Assistant Surgeons and the Stewards of the Sir J. J. Hospital, Bombay (30), Central Lunatic Asylum, Yeravda (1,50), New buildings in connection with the B. J. Medical School, Poona (73), Mr. Jacob Sassoon European General Hospital, Poona (50), Leper Asylum, Poona (31), New Civil Hospital, main and subsidiary buildings, drainage and water-supply projects, Belgaum (63), Dépôt for the preparation of vaccine lymph, Belgaum (60), Civil Hospital, Karáchi (22), and additions and alterations to the Civil Hospital, Hyderabad (26);
- (vii) Central block of buildings for the accommodation of Government offices, Poona (80);
- (viii) Road from Vihigaon to Khodala, Thána District (40), Improvements to the Khándesh Nizam Frontier Road, Násik District (20), Improving Pandharpur Poona Road, Sholápur District (25), Road from Bhatral to Mysore Frontier, Kanara District (30);
- (ix) Constructing the Visapur Tank, Ahmednagar District (20).

Among the new major works the most important are:—

- (i) Bungalow with office accommodation and peons' quarters, &c., for the Assistant Collector of Excise, Northern Gujarat (20), Bungalow with office accommodation and peons' quarters, &c., for the use of the Assistant Collectors of Excise, Poona, Ahmednagar and Sátára Districts (20), payment of land compensation to the owners of the bungalows which are to be resumed at Purandhar (32), Kacheri and Court house, Hyderabad (75), City Magistrate's Court and new Mukhtiarkarate, Hyderabad (33);
- (ii) Police Lines, Wadhwan, Káthiáwár (25), Police Lines, Chok and Datha, Káthiáwár (21), two new blocks for the Foot Police, Pálanpur (23), Police Lines, Vada, Thána District (21), Offices and quarters for the head quarter Police Lines, Sátára (25), Sub-Inspector's Kacheri and Police quarters, Sátára City (20), New Lines for the mounted and foot Police, Kotri (20);
- (iii) Replacing the floors of the Bai Motlibai and Petit Hospitals (30);
- (iv) Building three flats in the Marine Lines, Bombay (45);
- (v) Surul Mahableshwar Road Diversion near Wái, Sátára District (37), Bridges on Kolhápur Road, Ratnágiri and Kolába District (20).

(c) The estimate of receipts for the Civil Department is normal. The large increase in expenditure is nominal being due chiefly to the transfer to this head of contributions to Local Boards for village water-supply and local public works, which were formerly debited to the adjusting head *Contributions to Local*.

SECTION IV.—*Local Funds*.

60. As explained in paragraph 15 above, the

(1) Steam Boiler Inspection Fund.

(2) Government Central Book Dépôt Fund.

transactions connected with the funds mentioned in the margin and of District Boards, which used to appear in the Government accounts, have

been excluded from the Budget. Fund No. (1) will continue to be controlled as hitherto by Government Officers, while fund No. (2) has been merged into the Provincial Account. The revenue and expenditure of Fund No. (1) are shown below :—

	Actuals.			1907-08.		1908-09.
	1904-05.	1905-06.	1906-07.	Budgets	Revised.	Budget.
	Steam Boiler Revenue ...	57	61	69	66	73
Inspection Fund. Expenditure .	64	52	57	61	63	66

The last year's Revised estimate includes slightly larger receipts from inspection and examination fees. This improvement is allowed for in the current year's Budget, which also provides for increased expenditure on account of establishment and contingencies.

61. The revenue and expenditure of the Local Funds which are administered by the Local Boards constituted under Bombay Act I of 1884 are shown in Appendix C. The details of their working are published in an annual Administration Report, and their financial operations call for no comment, as they are not controlled directly by Government and do not fall within the scope of Provincial finance.

R. A. LAMB.

APPENDIX A.

Schedule of Provincial Revenue and Expenditure.

REVENUE.			EXPENDITURE.		
1	2	3	4	5	6
Major Heads.	Minor Heads.	Provincial Share.	Major Heads.	Minor Heads.	Provincial Share.
I.—Land Revenue.	Assessment of alienated lands less quit-rent. All other minor heads ...	The whole. One-half.	1.—Refunds, etc. ...	The heads of which the corresponding receipts are wholly or partly Provincial.	The same share as in the case of the corresponding heads of receipts.
IV.—Stamps ...	All ...	One-half.	2.—Assignments and Compensations.	Do. do. ... Miscellaneous Compensations.	Do. do.
V.—Excise ...	All ...	One-half.	3.—Land Revenue ...	All ...	The whole.
VIII.—Assessed Taxes.	All, except tax on surplus profits of Railway Companies.	One-half.	6.—Stamps ...	All ...	One-half.
IX.—Forest ...	All ...	One-half.	7.—Excise ...	All ...	One-half.
X.—Registration	All ...	The whole.	10.—Assessed Taxes ...	All ...	One-half.
XII.—Interest ...	Interest on Provincial loans and advances. Interest on Government securities.	The whole.	11.—Forest ...	All ...	One-half.
XVIA.—Courts of Law.	All ...	The whole.	12.—Registration ...	All ...	The whole.
XVIB.—Jails ...	All ...	The whole.	13.—Interest ...	Interest on Provincial Advance and Loan Account.	The whole.
XVII.—Police ...	All ...	The whole.	18.—General Administration.	Civil Offices of Account and Audit. All other minor heads, except— Currency Department. Reserve Treasury. Allowance to Presidency Banks.	Local Fund Audit Establishment. The whole.
XVIII.—Ports and Pilotage.	All ...	The whole.	19A.—Courts of Law ...	All ...	The whole.
XIX.—Education ...	All ...	The whole.	19B.—Jails ...	All ...	The whole.
XX.—Medical ...	All ...	The whole.	20.—Police ...	All ...	The whole.
XXI.—Scientific and other Minor Departments.	All ...	The whole.	21.—Ports and Pilotage.	All ...	The whole.
XXII.—Superannuation Receipts.	Contribution for pensions and gratuities. Miscellaneous ...	The whole.	22.—Education ...	All ...	The whole.
XXIII.—Stationery & Printing.	All ...	The whole, except receipts for the value of supplies from Central Stores to Railways, Local Funds, Municipalities, and other independent bodies.	24.—Medical ...	All ...	The whole.
XXV.—Miscellaneous.	Fees for Government Audits. Extraordinary items ... All other minor heads, except— Gain by Exchange ... Premia on Bills ... Unclaimed Bills of Exchange. Recovery of Insurance and other charges on Europe Stores. Receipts for the purchase, sale, etc., of Government Securities by Accountant General, Bombay. Value of old currency notes assumed to be no longer in circulation.	Items classified as Provincial in 1904-05. Items not exceeding Rs. 10,000. The whole	25.—Political ...	All, except— Refugees and State Prisoners. Charges of Aden, Baroda and Persian Gulf.	The whole.
			26.—Scientific and other Minor Departments.	Veterinary charges ... All other minor heads, except— Census ... Ethnographic Survey ...	The whole, except the pay and allowances of officers on the cadre of the Civil Veterinary Department. The whole.
			29.—Superannuation Allowances, etc.	All, except— Imperial Marine Pensions. Pensions of the Military Fund. Pensions of the Military Orphanage and Madras Civil Funds. Pensions of the Bombay Civil Fund.	The whole.
			30.—Stationery and Printing.	All, except Stationery purchased for Central Stores.	The whole.
			32.—Miscellaneous ...	Extraordinary items ... All other minor heads, except— Charges for Remittance of Treasure. Discount on Bills ... Loss by Exchange ... Refunds of value of old currency notes credited to Government.	Items not exceeding Rs. 10,000. The whole.
			33.—Famine Relief... 36.—Reduction or Avoidance of Debt.	All ...	As explained in paragraph 15 of the Financial Statement for 1907-08.

APPENDIX A—continued.

REVENUE.			EXPENDITURE.		
1.	2.	3.	4.	5.	6.
Major Heads.	Minor Heads.	Provincial Share.	Major Heads.	Minor Heads.	Provincial Share.
XXIX.—Irrigation—Major Works.	Portion of Land Revenue due to Irrigation. Direct Receipts...	One-half.	40.—Subsidized Companies.	Land	The whole, except in which the cost specially incurred Imperial Funds. Provincial expenditure under these heads is permitted only under the orders of the Government of India in regard to Railway.
XXX.—Irrigation—Minor Works and Navigation.	All	One-half.	41.—Miscellaneous Railway Expenditure.	Surveys	
XXXI.—Civil Works.	All	The whole, except receipts on account of buildings for the use of Imperial Departments.	41A.—Construction of Railways.	All	
			42.—Irrigation—Major Works.	Working expenses	One-half.
			43.—Irrigation—Minor Works and Navigation.	Interest on debt	One-half.
			45.—Civil Works ...	All	The whole, except expenditure on buildings for the use of Imperial Departments.

APPENDIX B.

Provincial Revenue and Expenditure by Major Heads for the years 1906-07, 1907-08 and 1908-09.
[In thousands of rupees.]

Number of Account Head.	Major Heads of Revenue.	Accounts, 1906-07.	Budget, 1907-08.	Revised, 1907-08.	Budget, 1908-09.	Number of Account Head.	Major Heads of Expenditure.	Accounts, 1906-07.	Budget, 1907-08.	Revised, 1907-08.	Budget, 1908-09.
I	Land Revenue	Provincial share ..	2,09,57	2,05,00	1,66,80	1	Refunds and Drawbacks	2,56	2,73	8,16	2,67
		Alienated ..	91,26	90,90	91,77	2	Assignments and { Cash	8,65	8,47	8,74	9,55
		Fixed allotment and adjustments	75,61	80,82	89,23	88,69	Compensations. { Alienations	79,04	78,86	79,49	79,46
IV	Stamps	31,31	32,50	32,00	32,35	3	Land Revenue	67,82	71,41	63,66	72,72
V	Excise	74,18	77,50	80,25	82,50	6	Stamps	7,24	7,10	7,28	7,28
VIII	Assessed Taxes	23,10	21,29	23,49	23,98	7	Excise	1,05	1,17	1,10	1,16
IX	Forest	17,11	16,50	18,50	19,00	10	Assessed Taxes	2,60	3,50	3,25	4,48
X	Registration	6,55	6,85	6,50	7,20	11	Forest	42	41	40	45
XII	Interest	5,38	7,84	7,72	7,64	12	Registration	9,05	10,75	9,75	10,50
XVI-A	Law and Justice—Courts of Law	5,08	5,50	5,20	5,50	13	Interest on Ordinary Debt	3,11	3,45	3,27	3,42
XVI-B	Do. —Jails	2,21	2,21	2,15	2,30	18	General Administration	6,30	6,21	6,53	6,90
XVII	Police	4,46	4,21	4,62	4,25	18A	Law and Justice—Courts of Law	14,57	15,41	15,66	16,50
XVIII	Ports and Pilotage	84	91	94	1,00	19A	Do. —Jails	50,42	52,22	51,25	52,20
XIX	Education	3,73	3,75	3,66	4,20	19B	Police	8,93	8,65	9,45	9,00
XX	Medical	2,23	2,20	2,23	2,22	20	{ Cash	66,05	68,00	72,19	53,26
XXI	Scientific and other Minor Departments	53	52	63	87	{ Alienations	4,98	4,94	5,00	4,99	
XXII	Receipts in aid of superannuation	2,06	2,12	2,20	2,20	21	Ports and Pilotage	45	50	55	57
XXIII	Stationery and Printing	79	84	90	86	22	Education	26,96	31,52	28,50	43,82
XXV	Miscellaneous	61	1,10	66	78	24	Medical	22,02	24,00	18,96	27,88
XXIX	Irrigation—Portion of Land Revenue due to irrigation.	...	...	13,70	14,84	25	Political	4,29	4,38	4,17	4,28
XXIX	Irrigation—Major Works—Direct Receipts	4,60	5,07	5,46	5,70	26	Scientific and other Minor Departments	5,29	8,10	6,02	6,69
XXX	Irrigation—Minor Works and Navigation	1,51	1,48	2,00	1,61	29	Superannuation Allowances and Pensions	25,09	26,75	25,82	27,02
XXXI	Civil Works	7,38	7,27	8,17	6,97	30	Stationery and Printing	11,74	11,58	11,92	11,91
	Contributions from Local to Provincial	53	65	57	...	32	Miscellaneous	3,58	4,13	3,84	2,88
	Total	5,70,63	5,76,98	5,69,50	6,04,04	33	Famine Relief	9,37	...	...	...
	Opening Balance	80,66	1,00,36	99,18	84,98	36	Reduction or Avoidance of Debt	...	13,70	13,70	13,70
	Balance of Government Central Bock Depot Fund merged in Provincial Revenues.	...	...	...	87	41	Miscellaneous Railway Expenditure	...	...	13	21
	Grand Total	6,51,29	6,77,34	6,67,68	6,89,89	42	Irrigation—Major Works { Working expenses	5,18	5,19	5,35	5,84
						{ Interest	7,87	9,84	8,04	8,35	
						43	Irrigation—Minor Works and Navigation	13,79	15,94	15,00	16,11
						45	Civil Works	62,54	66,37	75,18	75,43
							Contributions from Provincial to Local	20,71	20,62	21,31	...
							Total	5,53,11	5,85,46	5,82,70	6,09,13
							Closing Balance	98,18	91,88	81,93	80,76
							Grand Total	6,51,29	6,77,34	6,67,68	6,89,89

APPENDIX C.

Statement showing the Local Revenue and Expenditure under Bombay Act I of 1884 (including the cost of collection of the revenues assigned under section 44 of the Act) for the years 1906-07, 1907-08 and 1908-09.

[In thousands of rupees.]

Major Heads of Revenue.	Actuals, 1906-07.	Budget, 1907-08.	Revised, 1907-08.	Budget, 1908-09.	Major Heads of Expenditure.	Actuals, 1906-07.	Budget, 1907-08.	Revised, 1907-08.	Budget, 1908-09.
I. Land Revenue	2,20	2,12	2,30	2,07	1. Refunds and Drawbacks	13	16	16	14
VI. Provincial Rates	32,11	30,00	30,00	30,05	3. Land Revenue	2	2	2	3
XII. Interest	16	16	16	13	8. Provincial Rates	47	58	50	58
XVII. Police	2,37	2,38	2,57	2,43	14. Interest	7	7	7	5
XIX. Education	1,53	1,53	1,60	1,54	18. General Administration	1,64	1,65	1,54	1,56
XX. Medical	11	12	17	13	20. Police	1,26	1,32	1,30	1,34
XXI. Scientific and other Minor Departments	32	20	30	31	22. Education	19,82	19,91	20,00	21,90
XXV. Miscellaneous	15	19	34	48	24. Medical	3,13	3,31	3,24	4,00
XXXI. Civil Works	5,79	6,23	5,33	5,39	26. Scientific and other Minor Departments	1,09	1,13	1,13	1,43
Contributions	22,82	22,72	23,59	23,05	29. Superannuation	5	5	5	7
Total	67,56	65,65	66,36	65,58	30. Stationery and Printing	14	21	18	15
Debt, Deposit and Advances	71	...	...	...	32. Miscellaneous	48	49	49	53
Opening Balance	20,97	26,99	30,61	32,98	33. Famine Relief (Public Works Department)	11	...	...	...
Grand Total	89,24	92,64	96,97	98,56	45. { Civil Works in charge of Civil Officers.	14,15	16,38	16,00	18,01
					{ Do. do. Public Works Officers.	12,98	10,38	16,50	11,87
					Contributions	2,64	2,75	2,82	2,77
					Total	57,68	58,41	64,00	64,65
					Debt, Deposit and Advances	96	...	...	...
					Closing Balance	30,61	34,23	32,97	33,91
					Grand Total	89,24	92,64	96,97	98,56